

CHAPTER 13 - INFORMATION RELATED TO THE PREPARATION OF FINANCIAL STATEMENTS

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13.1 INTRODUCTION

This chapter and the following Chapter 14 Form and Content of Financial Statements contain the policies and procedures that all United States Department of Agriculture (USDA) entities must use for preparing financial statements. These policies and procedures reflect all USDA and Federal financial statement reporting requirements.

13.1.1 Annual Financial Statements

The Chief Financial Officer (CFO) is required by the CFO Act and Government Management Reform Act (GMRA) to submit audited financial statements to the Office of Management and Budget (OMB) for all accounts and associated activities of each office, bureau, and activity of USDA, including franchise funds and other intergovernmental support revolving funds. Audited financial statements must be completed and submitted to OMB by March 1 of each year for the previous fiscal year. Mission area or component financial statements are the responsibility of individual agencies.

This chapter provides the broad standards and policies and certain detailed procedures for preparing financial statements by those USDA entities which prepare stand-alone statements. For FY 2000, those entities are the Commodity Credit Corporation (CCC), Federal Crop Insurance Corporation (FCIC), Food and Nutrition Service (FNS), Forest Service (FS), the Rural Development (RD) mission area, and Rural Telephone Bank (RTB). This chapter also contains guidance on the certification of financial statements which are prepared by the Office of the Chief Financial Officer/National Finance Center (OCFO/NFC) for its serviced USDA entities.

Chapter 14 covers form and content for the financial statements as well as guidance on the preparation of the other various sections of the annual audited financial statements (management discussion and analysis, footnotes, required supplementary stewardship information, required supplementary information, and other accompanying information). The standards and procedures in both chapters reflect all USDA financial statement reporting requirements. All USDA entities are required to comply with these standards and procedures.

13.1.2 Schedule for Preparing Financial Statements

Agencies shall adhere to the following schedule for preparing agency level financial statements and providing data for the FY 2000 consolidated USDA financial statements.

MILESTONES, DUE DATES, AND SPLIT OF OCFO RESPONSIBILITIES FOR PREPARATION AND AUDIT OF USDA FY 2000 CONSOLIDATED FINANCIAL STATEMENTS	
DUE DATE	TASKS
4/3/00 (completed)	Meet with FACTS Workgroup to discuss problems encountered with the FY99 FACTS verification
4/11/00 (completed)	FFIS PO and NFC determine go for new financial statement data warehouse "solution"
4/28/00 (completed)	Send USDA's proposed allocation methodology (not the calculations) for distributing Department-level nonreimbursed appropriated costs to OIG for concurrence. Concurrence due 6/5.
TBD	NFC sets schedule of USDA-wide training on financial statement compilation for new procedures.
5/4/00 (complete)	FSRAD and OIG agree on materiality threshold for legal letter of inquiry to OGC.
5/11/00 (complete)	FSRAD publishes the FY 2000 annual financial statement master timeline.
5/12/00	FACTS working group reports proposed resolution to OCFO and USDA components for any reporting inconsistencies associated with individual agency FACTS reporting vs. USDA consolidated financial statement reporting and U.S. Government consolidated statement reporting. (Issues from prior year.)
5/22/00	Provide points of contact to Tonya Allen-Shaw for the following: MD&A and Other Accompanying Information (MD&A and OAI) Workgroup Financial Statement Preparation (mission areas, stand-alone components, & NFC-serviced USDA components). Provide to FSRAD and NFC. OIG audit points of contact for mission areas and stand-alone components Required Supplementary Stewardship Information (RSSI) Preparation and Workgroup Deferred Maintenance (DM) Preparation and Workgroup Required Supplemental Information (RSI) Preparation Elimination Entry Preparation and Workgroup FACTS Reporting and Verification Workgroup FACTS Verification Preparation (NFC should distribute the list to FSRAD and USDA components) Allowance for Bad Debt Working Group (to be formed for agencies that need assistance with allowance for bad debt methodology).
6/5/00	Concurrence due from OIG on proposed allocation methodology for distributing Department-level nonreimbursed appropriated costs.
6/14/00 (Completed 6/29/00)	FSRAD distributes draft UPDATES (if any) to chapters 13 and 14 of the <u>USDA Financial and Accounting Standards Manual</u> to all USDA components. Comments due back to FSRAD by 6/28/00.
7/14/00	Comments due from agencies on updates to chapters 13 and 14 of the <u>USDA Financial and Accounting Standards Manual</u> .
6/29/00	MD&A and OAI Workgroup members meet to discuss reporting requirements, roles and responsibilities, and format for the current year.

**MILESTONES, DUE DATES, AND SPLIT OF OCFO RESPONSIBILITIES
FOR PREPARATION AND AUDIT OF USDA FY 2000 CONSOLIDATED FINANCIAL STATEMENTS**

DUE DATE	TASKS
9/1/00	FSRAD finalizes and distributes chapters 13 and 14 of the <u>USDA Financial and Accounting Standards Manual</u> to all of the USDA components.
7/28/00	NFC and FFIS PO provide detailed year-end closing instructions related to CAS and FFIS respectively.
7/31/00	NFC provides updated financial statement crosswalks in CAS. Adjusted trial balance and/or financial statements are produced for June year-to-date information.
8/4/00	USDA components submit draft consolidated MD&A and OAI material, excluding quantitative data, to FSRAD.
8/28/00	FSRAD completes and distributes draft FACTS chapter of the FASM.
8/31/00	FSRAD provides allocations of Departmental nonreimbursed appropriated costs to USDA components and mission areas for inclusion in the Statement of Net Cost.
9/1/00	FSRAD merges the MD&A and OAI sections from working group members into the format of the USDA consolidated financial statements. The first draft of consolidated overview material, excluding performance measurement and quantitative data, is distributed to OIG, Coordinating Committee members, and USDA components for comments.
9/1/00	Reimbursable agreements and billing instructions received by NFC. Reimbursable income will be accrued for FY00 only for projects with agreements.
9/8/00	NFC completes and distributes templates to mission areas for statement and footnote data transmission to the consolidated statements. RSI revolving fund segment templates are sent to WCF.
9/15/00	Comments due to FSRAD on draft MD&A and OAI.
9/15/00	RSSI/DM Workgroup reports status of disclosures, problems encountered, resolution methods. Group finalizes format and begins to draft narrative information. (Agreed to drop heritage assets as not meeting materiality criteria.)
9/15/00	NFC determines the financial statement publication "rules" (fonts, text attributes)
9/18/00	Determine dates that DOL and OPM will provide pension & FECA information to Department and begin follow-ups as appropriate.
9/22/00	Final draft of MD&A and OAI, excluding quantitative data, is completed.
9/22/00	USDA components submit comments to FSRAD on draft FACTS chapter of the FASM.
9/25/00	Last automated disbursements from FFIS.
9/27/00	4:00 CDT NFC receipt of ALL hard copy input documents to be included in FY 2000 business. During the period 9/29-30/00 hard copy documents will be received but may not be included in FY 2000 business. Agencies are encouraged to delay submitting estimates until they've reviewed their preliminary BUDG reports to see what's actually processed.
9/29/00	USDA components establish allowance for bad debt expense; NFC will record in the accounting system.
10/3/00	5:00 CDT electronic transmissions to NFC for all feeder systems cut off. Suspended transactions from 10/1 will not be included in preliminary BUDG budget cost reports; transmissions on 9/29 and earlier will have rejects worked. Agencies are encouraged to delay submitting estimates until they've reviewed their preliminary BUDG reports to see what's actually been processed. Feeder systems close for FY 2000 business for both FFIS and CAS.
10/7/00	Preliminary BUDG budget cost reports available via remote printer, mailed copies in agencies' hands by 10/7.
10/10/00	Obtain and record Treasury Judgment Fund claims through August. (Note: Agencies should develop tracking systems internally and not rely on Treasury's webpage information.)

**MILESTONES, DUE DATES, AND SPLIT OF OCFO RESPONSIBILITIES
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DUE DATE	TASKS
10/13/00	FSRAD sends letter of inquiry to OGC requesting interim response effective no earlier than December 1, 2000, and to be submitted to OIG by December 15, 2000; and requesting updated response effective February 15, 2001.
10/2/00	NFC finalizes FACTS certification plans for USDA. The final date to change Master Appropriation File (MAF) with the Department of Treasury is 10/11/00 . Treasury will upload an approval, and agencies must initiate action in the PC application to acknowledge Treasury FMS concurrence by 11/6/00 .
10/16/00	USDA components submit FMFIA reports in department format to OCFO Planning and Accountability Division
10/16/00	FSRAD provides Federal Employees' Compensation Act (FECA) amounts to USDA components and NFC for inclusion in their financial statements.
10/16/00	FSRAD distributes cost factors from Office of Personnel Management for pensions and other retirement benefits (ORB) to the Farm Service Agency (FSA) for their non-federal employees' expense calculation and CCC's allocation.
10/16/00	Final FACTS chapter distributed.
10/18/00	5:00 CDT PC-PEST transmissions for CAPS system cut off. Suspended transactions from 10/18 transmissions will not be included in final BUDG budget cost reports. Transmissions 10/17 and earlier that have rejects will be addressed for correction.
10/20/00	Final BUDG budget cost reports run and available by remote printer; mailed copies should be in agencies' hands by 10/23.
10/20/00	NFC provides all accrued leave data to non-CAS stand-alone financial statement preparers.
10/20/00	CAS SF-133 and FMS 2108 reports run for agency review; reports available 10/20 AM on-line.
10/25/00	Incorporate the expense amounts and liability for pensions and ORB into financial statements and provide the applicable expense and liability information to all stand-alone statement preparers except CCC and FSA nonfederal employees.
10/25/00	Record Judgment Fund claims processed through September FY 2000 for payment by the Treasury Judgment Fund. (Agencies should rely on the Judgment Fund website as a last resort only: www.fms.treas.gov/judgefund/)
10/25/00	CAS final ledger only LEDG 82 adjustments due from agencies and NFC accountants (adjustments not reflected in the final budget cost reports). CAS FMS 2108 and SF-133 reports run for agency review and cash reconciliation adjustments.
10/27/00	FFIS final SF-133 and FMS 2108 produced; FFIS periods 13 and 14 in FY 2000 closed for adjustments.
10/30/00	Performing USDA components complete the first half of the Intra-USDA coding form and send form to the requesting agency.
10/30/00	Invalid Treasury symbol adjustments are addressed and classified for financial statement presentation.
10/31/00	After 11/1 all adjustments should be listed for review and approval by OIG during their audit work, including those to the CFS database. FFIS runs final FY 2000 annual close.
11/2/00	CAS and FFIS trial balances run; final except for agency initiated, auditor approved adjustments made in finalizing the FMS 2108 and SF-133 reports. Send trial balances to OIG.
11/6/00	FOCUS financial statement reports transmitted, copies in agencies' hands by 11/9. NFC provides agencies with FOCUS reports for CAS footnote information.
11/6/00	Assignment of Treasury Account Fund Symbols (TAFS) and related Budget Functional Classifications is finalized in MAF for preparation of FACTS Statement of Net Cost presentation and Budget Functional Classification footnote. USDA components acknowledge Treasury's concurrence.
11/9/00	NFC provides agencies with FOCUS reports of CAS footnote information.

**MILESTONES, DUE DATES, AND SPLIT OF OCFO RESPONSIBILITIES
FOR PREPARATION AND AUDIT OF USDA FY 2000 CONSOLIDATED FINANCIAL STATEMENTS**

DUE DATE	TASKS
11/8/00	Requesting USDA components complete their side of the intra-USDA coding form for elimination entries and resolve differences with the performing agency. Requesting agency sends original copy of completed forms to the mission area contact. The mission area contact sends the original copy of completed forms to FSRAD for eliminations <u>between</u> mission areas. In addition, performing and requesting agencies should provide a summary of all eliminating transactions to FSRAD .
11/13/00	CAS and FFIS trial balances are available to USDA components, reflecting FMS 2108 and SF-133 adjustments. Adjustments processed between 11/2 and 11/10 should be listed for auditor review. CFS database FOCUS financial statements are available for agency review reflecting 11/2-11/10 adjustments; however, agencies certify the 11/6 FOCUS financial statement reports.
11/13/00	USDA components who borrow from Bureau of Public Debt receive Confirmation of Account Balances form.
11/17/00	All nonstand-alone statement preparing USDA components resolve all discrepancies and certify the 11/6 FOCUS generated statements, noting adjustments processed 11/2-10. Submit certification letters to NFC. Adjustments to financial statements after 11/1 must be material, listed on a worksheet, and will be reviewed and approved by OIG during their consolidated audit work in January.
11/17/00	RSSI /DM narrative is substantially completed.
11/17/00	USDA components submit performance measures and final quantitative data to FSRAD for consolidated USDA MD&A and OAI.
11/17/00	The mission area reviews and finalizes elimination entries related to transactions within the mission area.
11/24/00	Stand-alone USDA components make final submission of financial statement package (principal statements, notes, MD&A, RSI, RSSI/DM) to OIG, NFC, and FSRAD. Adjustments to stand-alone statements after this point must be material and auditor-approved. [AARC is not producing statements. No AARC numbers to be included in USDA financial statements]
11/27/00	Stand-alone USDA components submit principal financial statements and notes electronically to mission area preparers. Agency form and content should be the same as the form and content in the <u>USDA Financial and Accounting Standards Manual</u> .
11/27/00	All nonstand-alone USDA components submit templates for principal financial statements and notes electronically to mission area preparers. Agency form and content should be the same as the form and content in the <u>USDA Financial and Accounting Standards Manual</u> .
11/29/00	Mission Area submit final templates to NFC.
11/29/00	NFC completes final templates for "Other USDA Services" (HQ Offices, WCF).
11/30/00	NFC provide final templates to OIG.
11/30/00	NFC sends Confirmation of Intragovernmental Account Balances to DOL for all NFC-serviced USDA components.
11/29/00	USDA components submit confirmations and reconciliations, if applicable, to Federal Financing Board with copy to NFC.
12/1/00	NFC reconciles with OPM the payments and accruals related to OPM retirement and other benefits for all NFC-serviced agencies.
12/6/00	Final consolidated USDA MD&A and OAI is completed and distributed for agency review and concurrence.
12/8/00	Department and Forest Service Working Capital Funds submit RSI segment information to NFC.
12/13/00	Final consolidated USDA RSSI/DM is completed and distributed for agency review and concurrence, if appropriate.
12/15/00	OGC forwards first Legal Representation letter to OIG with copy to FSRAD. Letter covers matters existing through December 1, 2000.

**MILESTONES, DUE DATES, AND SPLIT OF OCFO RESPONSIBILITIES
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DUE DATE	TASKS
12/15/00	All USDA components finalize RSSI/DM units, \$ amounts, and narrative and submit to FSRAD. NFC-serviced USDA components need to coordinate with NFC for footnote information related to Deferred Maintenance, Environmental Liabilities, Prior Period Adjustments, etc. and for FACTS footnote information related to RSSI information (which can include information different from the financial statements).
12/15/00	USDA components who borrow from BPD return Confirmation of Account Balances Report.
12/18/00	Submit MD&A and OAI data changes and concurrence to FSRAD.
12/18/00	OIG submits financial statement adjustments to USDA components. In addition, OIG provides mission area adjustments to mission area statement preparers, for those mission areas who include stand-alone USDA components. <u>Adjustments proposed after this date, whether management or auditor initiated, must be reviewed and approved by the OIG consolidated audit team.</u>
12/20/00	All USDA components submit final templates to mission area statement preparers, including stand-alone auditor approved adjustments.
12/20/00	FSRAD submits completed footnotes on significant accounting policies and contingencies and commitments to NFC.
12/20/00	Final Consolidated USDA RSSI/DM submitted to OIG and NFC.
12/22/00	FSRAD submits the consolidated USDA MD&A to OIG and NFC.
12/22/00	Mission area statement preparers submit final templates with adjustments to NFC. All post general ledger closing adjustments that were incorporated into the financial statement templates to NFC for review and approval by the OIG consolidated audit team. After OIG approval, NFC will include adjustments in the DFIS database-generated FACTS submission files.
12/26/00	FSRAD summarizes legal letter response into OMB table format and submits to OIG.
12/29/00	NFC foots and crossfoots the financial statements and verifies all supporting documentation.
1/2/01	NFC sends Confirmation of Intragovernmental Account Balances to OPM for all NFC-serviced USDA components.
1/5/01	NFC provides the final unaudited, USDA consolidated financial statements to OIG. The package should include the statements including elimination entries, notes, MD&A, RSI, RSSI, etc.
2/1/01	FSRAD obtains copy of blue book from OIG for each audited stand alone statement.
2/1/01	Agency FACTS submissions closed for input to Treasury. USDA components provide copies of FACTS Adjusted Trial Balances (ATBs) and notes to NFC.
2/2/01	NFC obtains the consolidated audit adjustments from OIG and provides a turn around to OIG by 2/9/01. NFC updates FACTS for all OIG consolidated audit adjustments related to NFC-serviced USDA components.
2/12/01	FSRAD obtains draft consolidated audit report.
2/15/01	Management Representation Letter signed by CFO.
2/15/01	OCFO and USDA components complete responses to issues in draft audit report of consolidated USDA statements and respond to OIG.
2/15/01	OGC forwards updated Legal Representation letter to OIG with copy to FSRAD. Letter covers matters existing through February 15, 2001.
2/16/01	Agencies submit completed FACTS verification account groupings worksheets to the mission area contact.
2/20/99	FSRAD updates summary of legal letter response and submits to OIG.
2/23/01	USDA components complete submission of FACTS adjustments to Treasury, copy to NFC. Mission areas submit FACTS account groupings worksheets to OCFO.

**MILESTONES, DUE DATES, AND SPLIT OF OCFO RESPONSIBILITIES
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DUE DATE	TASKS
2/26/01	FSRAD obtains a copy of the consolidated audit report.
2/28/01	FSRAD submits consolidated audit report to OMB.
3/02/01	OIG submits FACTS verification agreed upon procedures to Treasury, OMB, and GAO. OCFO submits completed account groupings worksheets to Treasury, GAO, and OMB.

13.1.3 Reporting Entities

A separate annual financial statement is to be prepared for each reporting entity in USDA. A reporting entity is the organization, component of the organization, or activity for which financial statements are prepared. These financial statements should be consolidated at the agency level, and the agency financial statements should be consolidated at the mission area level, unless a combining format is prescribed for a particular statement. For FY 2000, USDA's financial statements will be presented on a consolidated basis for the Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position. The Statement of Budgetary Resources and Statement of Financing will be presented on a combined basis for FY 2000.

Each USDA agency has the flexibility to define reporting entities in a manner that results in the most useful presentation of financial information. In that process agencies should be guided by the conclusive criterion and the indicative criteria outlined in Statement of Federal Financial Accounting Concepts Number 2, "Entity and Display." For a financial statement to be considered complete, the statement shall include all material costs incurred by the agency in support of the activities of the revolving fund(s), trust fund(s), or commercial function(s), including the applicable portions of related salaries and expense accounts. USDA agencies shall seek OCFO (and if necessary OMB) approval for any substantial changes to the composition of reporting entities and shall seek OCFO approval for any Treasury account fund symbols associated with the agency that are not included in its general purpose financial statements.

13.1.4 Format for Financial Statements

Financial statements submitted to OMB pursuant to the CFO Act and GMRA shall be prepared according to the formats and instructions for USDA financial statements that are described in this chapter and Chapter 14. The format and instructions are based on the financial reporting practices and accounting principles promulgated by authoritative standard-setting bodies (e.g., OMB). The format and instructions are updated periodically to reflect changes in issuances by these bodies, to address USDA concerns, and to improve financial disclosure. The updates are coordinated between OCFO, USDA mission areas, and agencies by the Accounting Policy and Financial Statements Coordinating Committee (see ROLES AND RESPONSIBILITIES) to ensure that they conform to the minimum requirements and meet mission area/agency needs.

OMB Bulletin 97-01 was issued in final January 7, 2000. It is the authoritative source used for guidance about the financial statement preparation. Modifications to the policies, standards, and procedures in this chapter that result in noncompliance with the reporting and disclosure requirements contained herein are not permitted. Agencies should seek OCFO approval if they desire any significant modifications.

13.1.5 General Accounting Office (GAO) Checklist

To assist in the preparation and audit of the financial statements, GAO has issued the Checklist for Financial Statements Prepared under the CFO Act, dated October 1998. The checklist contains the accounting and reporting requirements listed in question format, and is intended primarily as an audit tool for auditors of agencies' financial statements prepared in accordance with Federal Accounting Standards Advisory Board (FASAB) standards and OMB's form and content bulletin. Although the checklist is not formally required, the Department highly encourages agencies to complete this checklist to ensure that the financial statements adequately cover and present material items and information appropriately. Once the checklist has been fully completed, agencies should update the checklist yearly with any changes to their initial responses.

13.2 ROLES AND RESPONSIBILITIES

USDA entities' roles and responsibilities in the financial statement preparation process are as follows:

13.2.1 Office of the Chief Financial Officer

The OCFO shall:

- provide overall policy and guidance on the form and content of financial statements;
- prepare USDA's annual consolidated financial statements in accordance with applicable accounting standards and form and content instructions;
- ensure prompt dissemination of standards issued for review and comment and adopted standards; and
- provide Departmental entities with an annual list of deliverables and deadlines relating to the submission of financial statements material and provide training in the preparation and submission of such material, as appropriate.

13.2.2 Accounting Policy and Financial Statements Coordinating Committee

The AP&FSCC was established in December 1992. The committee provides guidance and assistance to USDA agencies in the preparation of their individual annual financial statements and in the submission of information for the consolidated Departmental statements. The committee is open to all agencies and has established Working Groups that address a variety of issues, including form and content of financial statements, MD&A, RSI, RSSI, OAI, FACTS, elimination entries, and credit reform reporting.

13.2.3 Mission Area and USDA Component Responsibility

Mission areas are responsible for preparing general purpose financial statements and related footnotes for their respective USDA components (agencies or corporations) in compliance with the instructions in this manual, and submitting templates to OCFO for consolidation into the Department's financial statements according to the financial statement preparation timeline published by OCFO. Mission areas are also responsible for identifying and including elimination entries in their financial statement templates related to inter-agency transactions within the mission area. Some USDA components and mission areas issue their own audited financial statements. These USDA components are referred to as "stand-alone" components. Those agencies that do not issue their own audited financial statements are referred to as "nonstand-alone" USDA components. All USDA components are responsible for submitting information for other sections of the USDA consolidated financial statements (MD&A, required supplementary stewardship information, required supplementary information, etc.) as applicable.

13.2.4 Quality Control

All USDA components should have quality control procedures to ensure the accuracy of data used within their organizations and the data submitted for inclusion in the consolidated financial statements. Agencies shall ensure that their (1) financial statements are accurate, (2) MD&A, RSI, RSSI, and OAI are accurate, (3) footnotes and financial statements comply with the form and content guidance in this manual, and (4) data submitted to OCFO does not contradict agency audited data.

13.2.5 Documentation

In addition to quality control, all agencies shall prepare adequate supporting documentation and retain the documentation on file for review and audit.

13.2.6 Stand-alone USDA Components

Stand-alone USDA components shall:

- prepare all required statements, RSI, RSSI, and other submissions (e.g., MD&A, OAI, and footnotes) for the annual financial statements;

- ensure that financial statements (prepared for USDA component as well as consolidated purposes) are prepared in the prescribed form and content and in accordance with official Departmental accounting principles and standards;
- submit financial statement and footnote templates as prescribed in this manual to the mission area for inclusion in mission area consolidated financial statement templates;
- submit elimination entry coding sheets and summary worksheet, as required; and
- comply with other requirements set forth in this manual or as deemed necessary by the AP&FSCC.

13.2.7 Nonstand-Alone USDA Components

The nonstand-alone USDA components shall:

- ensure the accuracy of their financial data processed by NFC by performing periodic reviews and reconciliations, and requesting adjustments where necessary;
- certify to the accuracy of the financial statements generated by NFC by the date specified in the timeline;
- submit narrative information regarding program activities and results in the MD&A, RSI, RSSI, and OAI sections;
- submit financial statement and footnote templates as prescribed in this manual to the mission area for inclusion in mission area consolidated financial statement templates;
- complete elimination entry coding forms and summary worksheet, as required; and
- comply with other requirements set forth in this manual or as deemed necessary by the AP&FSCC.

13.3 FINANCIAL STATEMENT PREPARATION POLICIES

This section contains specific USDA financial statement preparation policies. Please note that the hierarchy of accounting standards is contained in Chapter 3, “Accounting and Financial Reporting.” Certain requirements related to credit reform reporting are contained in Chapter 6, “Direct Loans and Loan Guarantees.”

13.3.1 Accounting for Pensions and Other Retirement Benefits

Chapter 11 of the FASM establishes accounting standards for a variety of liabilities, including those relating to the Federal employee benefit programs. Pension benefits and ORB are exchange transactions because the employee performs service in part to receive the deferred compensation provided by the programs. The expense is recognized at the time the

employees' services are rendered. Those accrued costs which exceed the amounts actually paid by the employing agency are recorded as imputed costs and an imputed financing source.

NFC will calculate and incorporate into all NFC-serviced agencies' financial statements the applicable expense for pensions and ORB based on the cost factors provided by OPM for the fiscal year just ended. NFC will provide the applicable expense to the stand-alone USDA components for incorporation into their financial statements. FSRAD will ensure that FSA is provided OPM's cost factors to be used for the computation of the expense. FSA will calculate the portion for their non-Federal employees as well as an allocation to CCC for their portion of the expense. Cost factors will be provided to FSA by October 16, 2000. All expense and liability data shall be provided to stand-alone USDA components and incorporated into NFC-serviced agencies' financial statements by October 25, 2000 .

To record the benefit payments made to OPM throughout the year and the related appropriated expense:

Dr. 6400G Benefit Program Expense
 Cr. 1010 Fund Balance with Treasury

Dr. 3100 Unexpended Appropriations
 Cr. 5700 Appropriations Used

Dr. 4610 Allotments - Realized Resources, or
 4620 Other Funds Available for Commitment/Obligation
 Cr. 4902 Expended Authority - Paid

Dr. 6730G Imputed Costs
 Cr. 5780G Imputed Financing Sources

The full liability for pension and ORB cost is recorded by the administrative entity, OPM. The employer entity and employee normally contribute a portion of that cost through payroll deductions. If the fiscal year ends during a pay period, an accrual of that portion of the employer's contribution not paid to OPM shall be recorded in each agencies' books.

To record the year-end appropriated accrued liability:

Dr. 6400G Benefit Program Expense
 Cr. 2210G Accrued Funded Payroll and Benefits

Dr. 3100 Unexpended Appropriations
 Cr. 5700 Appropriations Used

The Department of the Treasury has issued an "Intragovernmental Fiduciary Transactions Accounting Guide" which outlines the specific accounting entries and financial statement presentation related to pension and ORB, as well as procedures for USDA entities to confirm

with OPM their benefit expense and accrued funded payroll and benefits liability balances at year-end. The Guide is available on the internet at www.fms.treas.gov/cfs/dev and is referenced in Exhibit E.

13.3.2 Accrued Annual Leave

NFC will compute the unfunded liability for credit hours, annual leave, and compensatory leave. The computation will be based on leave balances and rates of pay as of Pay Period 19 of each fiscal year. NFC will record the unfunded leave liabilities and the related expenses in each agency's general ledger by October 20, 2000, except as noted below. The unfunded leave liabilities and related expenses will then be automatically captured on the agency's financial statements.

Exceptions to the standard procedure arise when, for example, USDA employees are not processed through NFC's payroll/personnel system. The known exceptions and procedural modifications are as follows:

13.3.3 FSA County Employees

During FY 1999 not all FSA employees were included in NFC's Payroll/Personnel system (the county employees are processed separately from NFC). NFC will compute the liability and expense amounts for those employees included in the system and FSA will estimate the remainder. The combined information will be presented in FSA's financial statements. In FY 2000 FSA county employees will be handled by NFC payroll, and NFC will compute the liability and expense amounts for all FSA.

13.3.4 Working Capital Fund Unfunded Expenses

The unfunded leave liability and related expenses for WCF agencies are computed using a percentage method. NFC records the WCF results.

13.3.5 Exceptions

If there are any exceptions not included above, the agencies involved should contact OCFO/FSRAD on (202) 720-5026.

13.3.6 Contingent Liabilities and Treasury Judgment Fund Payments

The Federal Accounting Standards Advisory Board's Interpretation of Federal Financial Accounting Standards, Number 2, *Accounting for Treasury Judgment Fund Transactions* clarifies Federal accounting standards related to the recognition of a contingent liability and the Treasury Judgment Fund. Those standards require agencies to report contingent liabilities and discuss the Judgment Fund's role in the payment of a possible loss in a footnote to the financial statements.

13.3.7 Contingent Liabilities

At fiscal year-end, agencies will receive a copy of their agency's portion of the Department's legal representation letter. The letter will identify all legal matters over \$10 million that may fulfill the requirements of recognition or disclosure of a contingent liability. A contingent liability must be **recognized** (recorded in the general ledger and addressed in the footnote disclosures) when a matter has been analyzed and determined that: (1) a past event or exchange transaction has occurred; (2) the future outflow or other sacrifice of resources is probable; and (3) the future outflow or sacrifice of resources is measurable, as prescribed by the Statement of Federal Financial Accounting Standards (SFFAS) Number 5, *Accounting for Liabilities of the Federal Government*.

Procedures should be established between agencies and their individual OGC attorneys on a case by case basis to identify legal matters below \$10 million that may require recognition or disclosure as a contingent liability.

The legal representation letter will define matters of pending or threatened litigation, and possible claims and assessments using the terms below:

- Probable - the future confirming event or events are likely to occur
- Reasonably possible - the chance of the future confirming event or events occurring is more than remote but less than probable
- Remote - the chance of the future event or events occurring is slight

If it is determined that a matter is a past event or exchange transaction that has occurred, it is probable, as defined above, and the matter is also measurable as determined in the legal representation letter, then the agency must recognize a contingent liability by making the following accounting entry:

Dr.	6100N Operating Expenses	
	Or 6800N Future Funded Expense	
		Cr. 2920N Contingent Liabilities

The liability should remain on the accounting books until the legal matter has been resolved either by payment or the case is won in USDA's favor. If no payment is made, then the liability should be removed from the accounting books by preparing an entry that reverses the previously recorded entry:

Dr.	2920N Contingent Liabilities	
	Cr. 6100N Operating Expenses	
	Or 6800N Future Funded Expense	

A contingent liability should be **disclosed** (i.e., amount not recognized on the face of the financial statement) in footnote 15, Contingencies and Commitments if any of the conditions for liability recognition are not met and there is at least a reasonable possibility (defined above and determined in the legal representation letter) that a loss or an additional loss may

have been incurred. Disclosure should include the nature of the contingency and an estimate of the possible liability, an estimate of the range of the possibility, or a statement that such an estimate cannot be made. If a matter was determined to be remote, then no other action is required.

13.3.8 Treasury Judgment Fund Payments

If the legal matter was resolved in the claimant's favor, and payment is required, then the agency must first determine the method of payment. The Judgment Fund is available for court judgments and Justice Department compromise settlements of actual or imminent lawsuits against the Government. The Judgment Fund has no fiscal year limitations, and there is no need for Congress to appropriate funds to it annually or otherwise. Absent of specific statutory requirement, the responsible agency is not required to reimburse the Judgment Fund. However, when the Judgment Fund makes a payment on behalf of another agency, the other agency must record an imputed financing source to recognize expenses paid by another entity. For further information on the Judgment Fund, see the Department of Treasury, Judgment Fund home page at <http://www.fms.treas.gov/judgefund>.

When an agency believes that the Judgment Fund should be the proper source for payment, then it should follow procedures as determined by the Treasury Financial Manual 6-3100 to submit a voucher for payment. The vouchers should provide the agency's central Claims Administrator's (or similar position) address in the return portion of the voucher. Once the Judgment Fund receives the voucher, requesting payment, they determine if they are the appropriate source for payment, then process the payment accordingly. The identification of the agency's central Claims Administrator's address on the voucher should be established as a basic procedure by all agencies so that the liabilities and payments may be tracked internally.

Until such procedures are established, agencies are still responsible for recording the imputed financing source for payments made on their behalf by the Judgment Fund, **whether or not a previous liability has been recognized**. To do this agencies should use the Judgment Fund home page as a source for payment information (address provided above). The home page monthly lists payments made sorted by department, agency, and case number. Agencies should make the following accounting entry for payments made when a previous liability had not been established:

Dr.	6730G Imputed Costs
Cr.	5780G Imputed Financing Sources

If a previous liability had been established and tracked to determine that a payment made by the Judgment Fund was related to a previous liability recorded on the accounting books, then the accounting entry should be:

Dr. 2920N Contingent Liabilities
Cr. 6100N Operating Expenses
Or 6800N Future Funded Expense

Dr. 6730G Imputed Costs
Cr. 5780G Imputed Financing Sources

Eventually, once all contingent liabilities are recognized prior to payment, the expense would not be recorded at the time of payment, because it would have been previously recognized with the contingent liability.

13.3.9 Estimates of Contingent Liabilities

The nature of identifying a contingent liability requires estimates of possible liability amounts. If a contingent liability has been recognized in FY xx and in FY yy the estimate of the liability amount is changed, then the accounting treatment should follow that prescribed for a change in accounting estimate, not a prior period adjustment.

13.3.10 Estimates in General

When agencies submit estimates at fiscal year-end, the agency shall maintain documentation to support those estimates.

13.3.11 Federal Employees Compensation Act

The liability for FECA comprises a current portion consisting of unpaid charge back bills from DOL to the Department, and a non-current portion for actuarially determined future benefits calculated by the DOL. The current accrued FECA liability represent 27 months of unfunded DOL charge back bills, and is allocated by FSRAD to USDA agencies. Claims that will be paid more than two years in the future make up the non-current portion called FECA actuarial liability. DOL will provide the FECA actuarial liability to USDA by October 31. FSRAD will distribute DOL's number, the current accrued FECA liability, and the change in current accrued FECA liability from the previous year to USDA agencies and NFC for inclusion in their financial statements and FACTS submissions by the target date of October 16, 2000, dependent upon receipt by DOL.

Agencies should record the actuarial FECA liability as:

Dr. 7600N Changes in Actuarial Liability
Cr. 2650N Actuarial FECA Liabilities

To record the increase in the amount of the FECA actuarial liability based on the year end statement received from FSRAD (DOL) -- to accrue for unfunded expense. (Note: Reverse this entry if the actuarial liability as reflected on the DOL statement decreases.)

Agencies may post directly to expense rather than reducing a liability when payments are made to DOL during the year. In this case, the entry they have been recording should be:

Dr. 6400G Benefit Expenses
 Cr. 1010 Fund Balance With Treasury
Dr. 3100 Unexpended Appropriations
 Cr. 5700 Appropriations Used

To record payments made to DOL for funded FECA charge back bills.

If this is the case, agencies should record the change in the liability for accrued FECA expense to future funded expenses and the accrued unfunded liability account as follows:

Dr. 6850G Employer Contributions to Employee Benefit Programs
 Cr. 2225G Unfunded FECA Liability

If agencies make payments to DOL and credit a liability rather than posting directly to expense, the entry that should have been recorded as payments were made is:

Dr. 2215G Other Post Employment Benefits Due & Payable
 Cr. 1010 Fund Balance With Treasury
Dr. 3100 Unexpended Appropriations
 Cr. 5700 Appropriations Used

At the end of the year, when the amount of the accrued FECA liability is known, the entry that should be recorded is:

Dr. 6400G Benefit Expenses
Dr. 6850G Not Requiring Current-Year Budget Authority-Unobligated
 Cr. 2215G Other Post Employment Benefits Due & Payable
 Cr. 2225G Accrued Unfunded Liability

To record the year-end accrued FECA liability. (Note: the change in accrued unfunded liability is posted to accounts 6850 and 2225; the balance of the amount needed to sum to the reporting year's FECA expense is posted to accounts 6400 and 2215.)

Agencies should consult the Intragovernmental Fiduciary Transactions Accounting Guide published by the Financial Standards and Reporting Division, Financial Management Service, Department of the Treasury which is available on the internet at www.fms.treas.gov/cfs/dev and referenced in Exhibit E.

13.3.12 Shared Treasury Symbols

In May 1993, the AP&FSCC approved the financial reporting of shared appropriation accounts/Treasury symbols policy. The policy defines "parent" and "child" agencies and

states that the child agency (i.e., the agency that spends the funds) should report (1) the assets, liabilities, and equity, (2) financing sources and operating expenses, and (3) budgetary resources related to shared appropriation accounts/Treasury symbols in the consolidated financial statements.

13.3.13 Reporting by Parent Agency

The parent agency initially receives an appropriation and the child agency spends the funds. Shared appropriation accounts/Treasury symbols have historically been reported to Congress and the Department of Treasury by the parent agency through the GOALS system, not by the child agency, with one exception as described in Reporting by Child Agency. With commencement of reporting through FACTS II, Treasury has requested that the child report the budgetary resources and their status if there has been an SF 1151 transfer of funds from parent to child. Shared appropriation accounts/Treasury symbols should be reported by the child agency for financial statement purposes.

13.3.14 Reporting by Child Agency

When preparing consolidated financial statements, the child agency should report the (1) assets, liabilities, and equity, (2) financing sources and operating expenses, and (3) budgetary resources related to shared appropriation accounts/Treasury symbols. NFC will report the actual dollar amount for shared appropriation accounts/Treasury symbols in the financial statement reports of the child, so long as there has been a transfer of funds involved of which Treasury was notified. Otherwise, NFC will report the shared appropriation account/Treasury symbol in the parent agency's financial statement reports.

The audited financial statements have always included two types of nonexpenditure transfers in the statements of the child, who spent the money. One type is direct transfers of obligation authority which benefit the receiving account, and the other is allocated nonexpenditure transfers which normally benefit the parent account. OMB Circular A-34 states that the allocated nonexpenditure transfers should be reported in both the SF 132 and SF 133 by the parent. Reporting in FACTS II will differ, in that the child is supposed to report the budgetary resources and status of funds related to the transfer received if a transfer of funds is involved. With FY 1998's addition of the Statement of Budgetary Resources and Statement of Financing, agencies must reconcile the Statement of Net Cost with budgetary resources. In order to reconcile, the child appropriation transfer must be included in the Statement of Budgetary Resources, even though a consolidated SF 133 might be reported by the parent. Furthermore, the child will also be required to transmit the Adjusted Trial Balances (ATBs) in FACTS I as required by TFM Transmittal Letter No. 580, dated August 28, 1998, page 4, Section 4030.60 -- Transfer Appropriations.

13.4 CERTIFICATION OF AGENCY FINANCIAL STATEMENTS

USDA components serviced by NFC shall ensure throughout the year that their CAS and FFIS-based financial statements are free of material misstatement. (See Periodic Reconciliations.)

13.4.1 Requirements

A year-end certification letter attests that agency personnel have either automated or manual systems in place to support proper accounting, transactions are being processed accurately and timely, and the financial statements reasonably reflect the agency's financial condition and activities. Agencies are only required to resolve material discrepancies for the certification of financial statements because it is cost effective to do so.

13.4.2 What Does Certification Mean?

Certification is not an audit of NFC administrative and accounting systems. Certification helps provide assurance to OCFO and OIG that the administrative transactions processed by NFC are accurate. By certifying the line items on their financial statements (in summary), nonstand-alone NFC-serviced USDA components confirm that these statements accurately reflect their financial position and are consistent with USDA's form and content. Certification also confirms that agencies have conducted administrative control of funds (automated or manual) on a routine basis and provides assurance that transactions are accurately processed by NFC. Certification indicates that all material misstatements in the financial statements and/or footnotes have been adjusted by the agency and NFC.

13.4.3 Materiality

Materiality thresholds differ because all USDA agencies and their functions vary in size. Wanda Philippi, OIG (Kansas City), is able to provide a materiality threshold to nonstand-alone agencies and mission areas by mid-November of each year.

13.4.4 Due Dates

NFC generates FOCUS reports of the (1) Balance Sheet, (2) Statement of Net Cost, (3) Statement of Changes in Net Position, (4) Statement of Budgetary Resources, and (5) Statement of Financing by **November 6, 2000**. All nonstand-alone statement preparing agencies are required to resolve all discrepancies and certify the FOCUS generated statements by submitting a certification letter to NFC no later than **November 17, 2000**.

13.4.5 Periodic Reconciliations

Agencies are expected to review (NOT audit) and reconcile NFC financial statement data to their internal records on a monthly or other periodic basis. Reconciliations should include procedures to ensure that all payments are accurately and timely processed by NFC. Agencies should also reconcile obligations, disbursements, advances and receivables.

Material discrepancies shall be corrected by the agency and NFC's Accounting Reporting Branch. NFC will not process adjustments without agency authorization. For audit purposes, reconciliations should be maintained for one year.

13.4.6 Sample Letters

The sample letters used throughout the certification process include the (1) annual reminder of monthly review process; (2) NFC letter which will accompany the year-end financial statements on November 5; and (3) certification letter that agencies return to NFC.

Sample Certification Request

TO: Top Financial Officers

FROM: Ronald R. Bernhard
Director, Financial Services Division
National Finance Center

SUBJECT: Agency Certification of Annual Financial Statements

Attached are your agency's annual consolidated financial statements. Please review these statements against your agency records (e.g., post-closing trial balance) and certify that they are reasonably accurate and complete. Your certification is due **no later than November 17, 2000**. Certifications should confirm that, to the best of your knowledge, the following assertions are true about your agency's statements:

- # The statements are in accordance with the departmental form and content guidance included in the Financial and Accounting Standards Manual; and
- # The statements are free of material misstatement.

You are expected to take action to resolve any material differences between the financial statements and your agency records prior to certifying the statements. If you are unable to resolve a material discrepancy, your certification should discuss the line items and amounts at issue. Your agency's materiality threshold can be obtained from Wanda Philippi, Office of Inspector General-Kansas City office, at (816) 926-5059.

Agencies are responsible for ensuring proper controls over agency financial records maintained at the Office of the Chief Financial Officer's (OCFO) National Finance Center (NFC). To ensure compliance with these requirements, agencies are expected to review appropriate reports available from OCFO/NFC, perform monthly reconciliations to agency records, and take prompt action to correct OCFO/NFC records as needed during the fiscal year. Monthly reconciliations of agency data will greatly facilitate the annual certification process. Agencies may contact Cynthia Harris, OCFO/NFC, on (504) 255-5700 with any questions about the reconciliation or certification requirement or procedure.

Sample Annual Reminder

TO: Top Financial Officers

FROM: James R. Little
Associate Chief Financial Officer

SUBJECT: Agency Reconciliation of Financial Data at National Finance Center

This memorandum is an annual reminder to agencies that they are responsible for ensuring proper controls over agency financial records maintained at the Office of the Chief Financial Officer's (OCFO) National Finance Center (NFC). Agencies are responsible for certifying annual financial statements produced by OCFO/NFC by November 17, 2000. Specifically, agencies are responsible for ensuring that:

- # Agency data maintained at the OCFO/NFC is reasonably accurate and complete; and
- # Financial statements produced by OCFO/NFC are complete and accurate, free of material misstatement, and reflect the agencies' financial condition in accordance with departmental form and content requirements;

To ensure compliance with these requirements, agencies are expected to review appropriate reports available from OCFO/NFC, perform monthly reconciliations to agency records, and take prompt action to correct OCFO/NFC records as needed. Monthly reconciliations of agency data will greatly facilitate the annual certification process.

Agencies may contact Cynthia Harris, OCFO/NFC, on (504) 255-5700 with any questions about the reconciliation or certification requirement or procedure. Questions regarding materiality should be directed to OCFO/Financial Systems, Reporting, and Analysis Division (202) 720-5026.

cc: Deputy Administrators for Management

Sample Response Letter

TO: Ronald R. Bernhard
 Director, Financial Services Division
 National Finance Center

FROM: Agency Chief Financial Officer

SUBJECT: Financial Statement Certification (Agency Name)

To the best of my knowledge, the principal Financial Statements for the period present fairly, in all material respects, the financial condition of the subject agency and the results of its operations, in accordance with Departmental form and content requirements.

13.4.7 NFC Agency Contacts

Agency Code	Agency	Contact	Phone Number
DA	DA	Margaret Barr	(504) 255-5748
ES	OES	Margaret Barr	(504) 255-5748
IT	OCIO	Margaret Barr	(504) 255-5748
NA	NA	Rebecca Pizzitola	(504) 255-5709
SC	NSIIC	Cathy Boyd	(504) 255-5742
01	SEC	Calvin Gavion Wanda Howard	(504) 255-5707 (504) 255-5748
02	AMS	Calvin Gavion	(504) 255-5707
03	ARS	Connie Constance	(504) 255-5764
07	RHCDS	Carolyn Merrell	(504) 255-5743
10	FAS/ICD	Phyllis Clemons	(504) 255-5747
11	FS	Marcy Herringshaw	(504) 255-5722
13	OC	Freida Scott Margaret Barr	(504) 255-5706 (504) 255-5748

14	OGC	Kathleen Herleikson	(800) 877-8339 Relay Service (ask to place a call to (504) 255-5718)
15	RUS	Carolyn Merrell	(504) 255-5743
16	NRCS	Marcele Herringshaw	(504) 255-5722
18	ERS	Bettie Mills	(504) 255-5765
20	NASS	Bettie Mills	(504) 255-5765
22	CSREES	Connie Constance	(504) 255-5764
23	OIG	Cathy Boyd	(504) 255-5742
30	FCS	Freida Scott	(504) 255-5706
32	RBCDS	Carolyn Merrell	(504) 255-5743
34	APHIS	Cathy Boyd	(504) 255-5742
36	GIPSA	Phyllis Clemons	(504) 255-5747
38	OCE	Rebecca Pizzitola	(504) 255-5709
42	OBPA	Margaret Barr	(504) 255-5748
90	OCFO	Wanda Howard/Margaret Barr	(504) 255-5708/5748

13.5 CLEANUP COSTS AND ENVIRONMENTAL LIABILITIES

13.5.1 Definition

Cleanup costs are defined as the costs of removing, containing, and disposing of hazardous waste, or property that contains hazardous waste, when associated Property, Plant & Equipment (PP&E) is permanently or temporarily shutdown. Hazardous waste is a solid, liquid, or gaseous waste having physical, chemical, or infectious characteristics that can cause serious illness or potential hazard to human life when improperly treated, stored, transported, disposed of, or otherwise managed.

Cleanup costs include decontamination, decommissioning, site restoration, site monitoring, closure, and postclosure. They are limited to hazardous waste that the Federal Government must clean up due to Federal, State, and local statutes and regulations. Disclosure requirements do not apply to other cleanup costs such as the cleanup of hazardous waste from an accident or where cleanup is an ongoing part of operations, because these types of cleanup efforts are not deferred until operation of the associated PP&E ceases.

13.5.2 Recognition and Measurement

Cleanup costs should be estimated when the associated PP&E is placed in service. This estimation includes the following elements:

- 1) Cleanup Plan -- level of restoration, legal requirements
- 2) Current Cost -- if needed equipment and service were acquired

The total of these elements is referred to as “estimated total cleanup cost” and includes PP&E and other assets to be acquired for use in cleanup activities. Estimates should be revised periodically when there are material changes.

There are two types of assets requiring recognition of “estimated total cleanup cost” for PP&E that is placed in service after implementation of SFFAS No. 6, Accounting for Property, Plant, and Equipment, effective for fiscal years beginning after September 30, 1997. The recognition of expense and liability differs in each.

13.5.3 Cleanup Cost for General PP&E

- Recognize a portion of total estimated cleanup cost as expense during each period of operation. Record the following entry, depending whether current or future funds will be used to liquidate the liability:

DR	6100 Operating Expenses/Program Costs, or
	6800 Future Funded Expenses
CR	2995 Accrued Cleanup Costs

- Expense in a rational and systematic manner, based on use of the physical capacity, or estimated useful life.
- Recognize the expense and accumulate the liability beginning when the PP&E is placed into service, continuing in each period that operation continues, and completing when the PP&E ceases operations.
- Recognize payments as a reduction in the liability for cleanup costs.

13.5.4 Cleanup Cost for Stewardship PP&E

- Recognize the total estimated cleanup cost as liability and expense in the period that stewardship PP&E is placed in service. Record the following entry, depending whether current or future funds will be used to liquidate the liability:

DR 6100 Operating Expenses/Program Costs, or
 6800 Future Funded Expenses
CR 2995 Accrued Cleanup Costs

- Recognize payments as a reduction in the liability for cleanup costs.

13.5.5 Reporting Reestimates of the Estimated Total Cleanup Costs

Reestimates may result from inflation/deflation, regulations, and changes in the cleanup plan. The liability should be adjusted for reestimates that are material, and recognized as expense as changes in estimated cleanup costs from prior periods. Adjustments should be recognized in the period when reestimates occur.

13.5.6 Disclosures Related to Cleanup Costs and Environmental Liabilities

Disclosures related to cleanup costs should be reported in the accompanying footnote to the Statement of Changes in Net Position. If material in amount, the liability for cleanup costs should be separately reported on the face of the Balance Sheet (the balance sheet will include a line item for environmental liabilities with both Federal and Nonfederal entities in addition to liabilities covered, and liabilities not covered, by budgetary resources). If immaterial in amount, the liability for clean-up costs should be reported in the applicable “Other Liabilities” section of the Balance Sheet, and separately reported in the accompanying footnote.

13.6 ELIMINATION ENTRIES

13.6.1 Purpose

The GMRA of 1994 requires USDA to prepare consolidated financial statements. The consolidated statements present all USDA agencies’ financial information as a single entity. Accounting Research Bulletin No. 51, Consolidated Financial Statements, paragraph 6, states that in preparation of consolidated statements, intercompany balances and activities shall be eliminated. OMB Bulletin 97-01, as amended, provides that agencies may prepare the statements of budgetary resources and financing on a combined basis for FY 2000, and USDA has chosen to exercise that option.

Elimination entries prevent the overstatement of information in the financial statements due to USDA doing business with itself. Activity **between** USDA mission areas is classified as intra-USDA. Activity **within** USDA mission areas, i.e., between agencies or corporations, is classified as intraarea. Both must be eliminated from the consolidated financial statements of USDA. Accounts presented for elimination at the USDA consolidated level must also be presented in each agency’s FACTS transmission as governmental with a “G” indicator.

Activity within an agency or corporation must be eliminated at the agency level prior to preparation of agency financial statements. Activity between USDA agencies in a mission area is the responsibility of the mission area to eliminate and submit in their templates to

NFC. Activity between USDA agencies of different mission areas, or between the WCF and mission areas, is the responsibility of NFC to summarize and submit in templates to NFC. Activity between USDA agencies and other non-USDA Federal entities is classified as interdepartmental and is reported by standalone USDA components and NFC through their FACTS transmissions. It is also reported in the Interdepartmental Balances section of Required Supplementary Information, as described in Chapter 14. Interdepartmental activity will be eliminated from the U.S. Government's consolidated financial statements by the Department of Treasury.

Elimination entries can be categorized into two types for purposes of this chapter:

- 1) Elimination entries associated with a movement of funds (i.e., AD-672, SF-1081, SF-1151, AD-742, or MOU). This type of elimination situation generally includes both proprietary and budgetary accounts and may include revenue for the performing agency and costs for the requesting agency. For illustrations of the proper accounting models and elimination entries see Exhibit D Elimination Entry Guidance. Because USDA will be preparing the statements of budgetary resources and financing on a combined basis in FY 2000, no elimination entries for budgetary accounts should be prepared.
- 2) Elimination entries that affect only one agency in contrast to a movement of funds type elimination that applies to both a performing and a requesting agency. This type of elimination entry affects only proprietary accounts. Examples of these elimination entries are:
 - a. the distribution and allocation of Departmental nonreimbursed appropriated costs which are imputed costs to mission areas and agencies, and
 - b. imputed amounts recorded for nonreimbursed support between USDA agencies, such as FNS' recognition of an imputed financing source and imputed cost associated with donated commodity transactions funded by CCC, or imputed financing sources and imputed costs for FSA personnel and administrative support provided to CCC.

FY 1998 was the first year that the Statement of Budgetary Resources and the Statement of Financing were submitted. To prepare these consolidated statements, budgetary accounts must be eliminated in addition to the proprietary accounts considered in previous years. However, because USDA is preparing the statements of budgetary resources and financing on a combined basis in FY 2000, no budgetary account elimination entries should be prepared for FY 2000.

Exhibit D Elimination Entry Guidance provides accounting models and elimination entries for both proprietary and budgetary elimination entries for transfer of funds types of transactions between federal entities. Transactions related to activities between USDA

components require the elimination of proprietary account revenues and expenses for the entire fiscal year; however, only the ending balances of outstanding intra-USDA receivables and payables are eliminated. The budgetary account elimination entries for activities between USDA components involves budgetary resources and the status of resources. Budgetary account elimination entries will not be prepared for FY 2000. This chapter provides guidance on the reporting of intra-USDA activity.

13.6.2 Requirements

13.6.3 Dollar Threshold

In June 1994, the AP&FSCC and OIG, agreed to report only those reimbursable transactions (i.e., AD-672s) in excess of \$250,000 each until such time as agencies could report all reimbursable agreements without undue burden. Agencies should work towards implementing automated systems to capture their reimbursable agreement activity so that all intra-USDA activity can be eliminated as appropriate, and all activity between USDA agencies and non-USDA agencies can be reported. The threshold relates to the total annual amount of any SGL account affected by a single agreement. The total agreement amount is irrelevant. In the case where the performing and requesting agency cannot agree on the amount of accrued expense for a reimbursable agreement, the performing agency amount shall be used.

Regardless of the dollar amount, all SF-1151 Non-Expenditure Transfer Authorizations, SF-1081 Voucher and Schedule of Withdrawals and Credits, and Intra-USDA Greenbook charges with the WCF shall be reported. No waivers will be granted.

13.6.4 Elimination Entry Coding Form (Exhibit A)

The agencies, both performing and requesting, complete both sides of the elimination entry coding form. The between mission area transaction forms should be sent to NFC, and the within mission area transaction forms should be sent to the mission area contact.

There should be only one Treasury Account Fund Symbol (TAFS) per performing agency reported on the form (one symbol per agency). If there is more than one TAFS per agreement for the performing agency, then a separate coding form shall be prepared for each performing agency TAFS and a comment should be included in the Transaction Description field listing the performing agency control numbers of related transactions.

The requesting agency may have more than one TAFS that relates to the single TAFS of the performing agency. If necessary, the requesting agency can attach additional form copies to complete all its TAFS information, but each form should reference both the performing agency and requesting agency control numbers. Please note that the performing side (headquarters), and possibly the requesting side (agency or mission area), of the USDA headquarters allocations form will not refer to a Treasury Account Fund Symbol.

The performing agency should send the original incomplete form to the requesting agency (agency requesting the services) no later than **October 30, 2000**. A copy of the coding form shall be sent simultaneously to the performing agency's mission area contact.

The requesting agency completes their information on the form, including reference to their own control number, and reviews and analyzes the information on both performing and requesting sides of the transaction for differences or inconsistency of accounting model used. If there are problems with the information provided by performer versus requester, the requesting agency initiates appropriate discussion and resolution of the problem. FSRAD should be consulted for policy guidance as necessary. The performing agency also makes any corrections resulting from the resolution process. All transactions should be resolved by November 17, 2000, and the form corrected by both the performing agency and the requesting agency, as necessary.

When both sides of the form are complete, with both performing and requesting agency representatives' signatures, submit the completed coding forms for elimination entries to the mission area contact.

Upon completion of the coding forms, both the performing and requesting agencies must complete the summary worksheet (Exhibit B). The summary worksheet contains, in a summarized fashion, all of the intra-USDA elimination coding forms. This information is used to prepare an entry for CFO Vision for compilation of the USDA consolidated financial statements.

Submit copies of the completed coding forms for **all** elimination entries and the summary worksheet to:

TONYA ALLEN-SHAW
FINANCIAL SYSTEMS, REPORTING, AND ANALYSIS DIVISION
1400 INDEPENDENCE AVE, SW
ROOM 3031 STOP 9060
WASHINGTON, DC 20250-9060

Completed coding forms may also be submitted to FSRAD by fax on (202)720-5741.

Transactions indicating a prior year agreement must include Elimination Entry Coding Form-Prior Year Attachment to show all prior year elimination entry submissions related to that particular agreement. Agencies should send the form to the mission area elimination contact for transactions within the mission area, and to NFC for transactions between mission areas. A copy should be maintained in the agency's files. The form provides documentation in support of the current year accounting model used for the current year elimination entries.

13.6.5 Elimination Entry Processing Timeline

DUE DATE	RESPONSIBLE ORGANIZATION	TASKS
10/30/00	Performing Agencies	Performing agency (PA) completes its half of the coding form and sends original form to Requesting Agency (RA) and a copy to the PA mission area contact.
11/08/00	Requesting Agencies	RA completes its half of the coding form. RA reviews forms, identifies problems, and resolves issues with appropriate PA. RA sends original coding forms to the mission area elimination entry contact.
11/17/00	Mission Areas	Mission areas resolve any outstanding issues on their within mission area elimination entries.
11/21/00	Performing & Requesting Agencies	Submit copies of all completed coding forms and the completed summary worksheet to FSRAD.

13.6.6 Greenbook Charges

Greenbook charges that are a result of Intra-USDA activity are required to be submitted for elimination. No threshold applies to greenbook charges. The total amount of all Intra-USDA greenbook charges for the year per agency should be reported on a single coding form regardless of amount. The only exception is when a separate AD-672 has been signed for specific activity. If an AD-672 has been completed, that activity shall be reported on a separate coding form regardless of amount. The WCF will act as the performing agency for greenbook charges and initiate the coding form to eliminate the greenbook charges that are a result of Intra-USDA activity.

13.6.7 Supporting Documentation

Supporting documentation is not required for submission to NFC, but agencies shall maintain adequate supporting documentation for review and audit. A random sample of coding form's supporting documentation may be selected to ensure that procedures are being followed correctly.

Supporting documentation should include at least one of the following:

AD-672, Reimbursement or Advance of Funds. This form shows the terms agreed upon between two USDA agencies or between a USDA agency and another Federal entity under a reimbursable agreement.

SF-1151, Non-Expenditure Transfer Authorization. This form is used to transfer funds from one Treasury symbol to another without expending funds. This form is also used to establish or modify: appropriations based on appropriation warrants (including increases and decreases to the appropriation), borrowings from Treasury and the related repayments, and credits to miscellaneous receipts for the repayment of the Government's investment in a revolving fund or the distribution of earnings of a revolving fund.

SF-1081, Voucher and Schedule of Withdrawals and Credits. This form is used to make an expenditure transfer of funds from one Treasury symbol to another. An actual movement of cash takes place when this document is used.

AD-742, Transfer and Adjustment Voucher. This form initiates the transfer of funds through OCFO/NFC's Central Accounting System. It has a Disbursement (expense) and Collections (revenue) section requiring various accounting codes and amounts. The AD-742 represents funds being expended, or the realization of revenue or a reimbursement.

MOU, Memorandum of Understanding. This document shows the terms agreed upon between two agencies under a reimbursable agreement and is similar to the AD-672.

Supporting documentation should also include information about the specific accounts to which the particular transaction was posted in the agency's accounting system. In addition, the following reports should be reconciled to the forms listed above for proper reporting of elimination entries.

TFS-6653, Undisbursed Appropriation Account Ledger. This monthly Treasury report shows the opening balance, classified transactions for the month, and the resultant closing balance for a particular appropriation or fund account. Agencies are required, as stated in the Treasury Financial Manual (TFM), to "reconcile their accounts with the reports (i.e., TFS-6653) by (1) verifying the amounts of transactions and transaction codes to ensure each transaction is correct, (2) adjusting any discrepancies in the agencies's records, and (3) notifying the Manager, Financial Adjustment Branch, of discrepancies." By reconciling an agency's general ledger to the fund activity and fund balance shown on the TFS-6653, an agency can be assured that all transactions affecting the fund accounts have been recorded in the general ledger. In addition, SF-1151's and SF-1081's are shown separately on the TFS-6653, for easy identification of intra-USDA transactions.

SF-133, Report on Budget Execution. This quarterly report presents the status of each open account (except deposit fund accounts) for an agency from a budgetary standpoint. The SF-133 will provide, for many agencies, the data needed to verify SF-1151 activity. A quarterly reconciliation should be performed between the amounts on the SF-133 and agency records to ensure all SF-1151 activities (found on line 2B, Net Transfers) have been captured by the agency for accurate data collection in the elimination entry process. This report may also be used quarterly to verify reimbursable agreement data (found on line 3A, Reimbursements and Other Income, Earned on the SF-133).

Reimbursable Agreement Tracking Report (Exhibit C). (This is an optional report, to be used at management's discretion to facilitate the tracking of reimbursable agreements.) The Lotus 1-2-3 spreadsheet allows agencies to accurately track their reimbursable agreements. The spreadsheet includes: (1) initial agreement amount (plus or minus any amendments); (2) amount of requested goods or services

performed; (3) total amount billed or total amount of bill received; (4) total amount paid/collected during the fiscal year; (5) balance remaining (outstanding) at the end of the fiscal year; and (6) any end of year adjustments (accruals) that were made in the general ledger at September 30. The spreadsheet should be updated monthly to show the status of intra-USDA reimbursable agreements.

13.6.8 Quality Assurance

The review steps below should be followed in the identification and elimination of activities for the USDA consolidated financial statements.

Individual USDA Agencies

Each agency shall:

- Certify the Intra-USDA coding forms submitted to NFC.
- Verify each activity identified as being intra-USDA or interdepartmental (if interdepartmental, include in FACTS reporting. See Chapter 15 of the manual.)
- Verify the (1) agreement number, (2) agreement amount, (3) disbursements/collections against the agreement, and (4) balance remaining has been reported correctly.
- Verify the advances and related expenditures, where applicable, have been accurately identified.
- Verify the agencies involved in the activity.
- Verify the Standard General Ledger (SGL)/DFIS accounting entries made in the general ledger present an accurate account of the activity.
- Ensure reconciliations specified in this guidance have been performed, and discrepancies are resolved in a timely manner.
- Communicate monthly with other agencies to verify when work is performed and prepare appropriate accrual entries regardless of when billed.

Mission Areas

For transactions within a mission area, the mission area elimination entries contact shall:

- Verify that elimination entries are categorized correctly; i.e., receivables, payables, revenues, and expenses.

National Finance Center (NFC)

For transactions between mission areas, NFC shall:

- Verify that elimination entries are categorized correctly; i.e., receivables, payables, revenues, expenses, budgetary resources, and status of budgetary resources.

13.6.9 Standardized Reimbursable Agreement Number

The Funds Transfers Implementation Team agreed on the method for standardizing the numbering of all USDA reimbursable agreements. The reimbursable number is described below.

Example of the reimbursable agreement number:

98-IA-11040000-012-03000000-006

98:	Fiscal year.
IA:	Interagency (agreement between USDA agencies).
11	2-character alphanumeric code that NFC uses for the applicable requesting agency,
04:	2-character alphanumeric code assigned by the requesting agency for its applicable organizational unit, level 1,
00:	2-character alphanumeric code assigned by the requesting agency for its applicable organizational unit, level 2, and
00:	2-character alphanumeric code assigned by the requesting agency for its applicable organizational unit, level 3.
012:	3-character alphanumeric unique code assigned by the requesting agency.
3:	2-character alphanumeric code that NFC uses for the applicable performing agency,
00:	2-character alphanumeric code assigned by the performing agency for its applicable organizational unit, level 1,
00:	2-character alphanumeric code assigned by the performing agency for its applicable organizational unit, level 2, and
00:	2-character alphanumeric code assigned by the performing agency for its applicable organizational unit, level 3.
006:	3-character alphanumeric unique code assigned by the performing agency.

Where an alphanumeric unique code larger than 999 is needed, an agency should use, for example, A00 for 1000, B01 for 1101, etc.

13.6.10 Additional Guidance

13.6.11 Budgetary vs. Proprietary Accounting

The Department of the Treasury Manual, Understanding and Using the Standard General Ledger, states budgetary accounting is intended to facilitate compliance with legal constraints and controls over the use of federal funds. The accrual-based accounting concepts for assets, liabilities, capital, and the components of capital are known as proprietary accounting. With OMB 97-01's current requirement for consolidation of all financial statements, elimination entries will apply to both proprietary and budgetary accounting in FY 2001. There are numerous distinctions between budgetary and proprietary accounting, but some basic characteristics of each are contrasted in the table below.

Summary of Key Differences Between Budgetary and Proprietary Accounting		
Event	Budgetary Accounting	Proprietary Accounting
Commitment	Entries are made for commitment of funds in advance of preparing orders to procure goods and services, as applicable.	Entries are not made for commitments.
Obligation	Entries are made for obligation of funds at the time goods and services are ordered.	Entries are not made for obligations.
Expenditure	Entries are made to expend appropriations when goods and services chargeable to the appropriation are received, regardless of when they are used or when they are paid for.	Goods and services which will last more than a year and otherwise meet the criteria to qualify as assets are capitalized and expensed when consumed, regardless of what appropriation funded them and when they are paid for.
Funded Events or Activities	Entries are only made against an appropriation for transactions funded by the appropriation.	Goods and services consumed in the current period for which payment is to be made from one or more subsequent appropriations is recognized as an expense in the current period.
Unfunded Events or Activities	Entries are not made against an appropriation for transactions not funded by the appropriation.	Goods and services consumed in the current period but paid for in prior periods are expensed in the current period.

13.6.12 Typical Accounts Used for Eliminations

The following charts illustrate the typical proprietary and budgetary accounts used for preparing elimination entries. The charts include the account name and number per type of supporting documentation for both the performing and requesting agency. The accounts shown are only typical accounts used and should not be considered as an all-inclusive list. Refer to Exhibit D for guidance on the accounting models and elimination entries to be used in specific intra-USDA transactions.

Proprietary

Document	Performer/ Requester	Account Name	Account Number(s)
AD-672	<i>Performing Agency</i>	- Revenue From Goods Sold	- 5100
		- Revenue From Services Provided	- 5200
		- Other Revenue	- 5900
		- Accounts Receivable	- 1310
	<i>Requesting Agency</i>	- Operating/Program Expenses	- 6100
		- Other Expenses	- 6900
SF-1151	<i>Performing Agency</i>	- Accounts Payable	- 2110
		- Financing Sources Transferred Out Without Reimbursement	- 5730
		- Receivable for Allocation Transfers	- 1330
	<i>Requesting Agency</i>	- Unexpended Appropriations	- 3100
		- Financing Sources Transferred In Without Reimbursement	- 5720
		- Liability for Allocation Transfers	- 2150
SF-1081	<i>Performing Agency</i>	- Unexpended Appropriations	- 3100
		- Advances From Others	- 2310
	<i>Requesting Agency</i>	- Advances To Others	- 1410
		- Prepayments	- 1450

Budgetary

Document	Performer/ Requester	Account Name	Account Number(s)
AD-672	<i>Performing Agency</i>	- Unfilled Customer Orders Without Advance	- 4221
		- Unfilled Customer Orders With Advance	- 4222
		- Reimbursements and Other Income - Receivable	- 4251
		- Reimbursements and Other Income - Collected	- 4252
	<i>Requesting Agency</i>	- Undelivered Orders - Unpaid	- 4801
		- Undelivered Orders - Paid	- 4802
		- Expended Authority - Unpaid	- 4901
		- Expended Authority - Paid	- 4902
SF-1151	<i>Performing Agency</i>	- Transfers - Current Year Authority	- 4170
		- Allocation Transfers	- 4175
		- Transfers - Prior Year Authority	- 4190
		- Total Actual Resources	- 4201
		- Undelivered Orders - Unpaid	- 4801
		- Undelivered Orders - Paid	- 4802
		- Expended Authority - Unpaid	- 4901
		- Expended Authority - Paid	- 4902
	<i>Requesting Agency</i>	- Other Appropriations Realized	- 4119
		- Transfers - Current Year Authority	- 4170
		- Allocation Transfers	- 4175
		- Transfers - Prior Year Authority	- 4190
		- Total Actual Resources	- 4201
		- Appropriation Trust Fund Expenditure Transfer - Receivable	- 4225
		- Appropriation Trust Fund Expenditure Transfer - Collected	- 4255
		- Undelivered Orders - Unpaid	- 4801
		- Undelivered Orders - Paid	- 4802
SF-1081	<i>Performing Agency</i>	- Undelivered Orders - Paid	- 4802
		- Expended Authority - Paid	- 4902
	<i>Requesting Agency</i>	- Unfilled Customer Orders With Advance	- 4222
		- Reimbursements and Other Income - Collected	- 4252

The following chart illustrates the typical budgetary accounts used for preparing elimination entries. Budgetary elimination accounts are provided by financial statement line item with the standard general ledger account number and name. **The accounts shown are only typical accounts used and should not be considered as an all-inclusive list.**

Financial Statement	Line Item	Account Number	Account Name
Statement of Budgetary Resources	1.a. - Budget Authority	4119	Other Appropriations Realized
		4170	Transfers - Current-Year Authority
		4175	Allocation Transfers
	1.b. - Unobligated Balance	4190	Transfers - Prior-Year Authority
	1.c. and 3.b.- Spending Authority from Offsetting Collections	4221	Unfilled Customer Orders Without Advance
		4222	Unfilled Customer Orders With Advance
		4225	Appropriation Trust Fund Expenditure Transfers - Receivable
		4251	Reimbursements and Other Income Earned - Receivable
		4252	Reimbursements and Other Income Earned - Collected
		4255	Appropriation Trust Fund Expenditure Transfers - Collected
		4872	Downward Adjustments of Prior-Year Paid Undelivered Orders - Refunds Collected
		4972	Downward Adjustments of Prior-Year Paid Expended Authority - Refunds Collected
	2.a. and 3.a. - Obligations Incurred	4801	Undelivered Orders - Unpaid
		4802	Undelivered Orders - Paid
		4881	Upward Adjustments of Prior-Year Unpaid Undelivered Orders
		4882	Upward Adjustments of Prior-Year Paid Undelivered Orders
		4901	Expended Authority - Unpaid
		4902	Expended Authority - Paid
		4981	Upward Adjustments of Prior-Year Unpaid Expended Authority
		4982	Upward Adjustments of Prior-Year Paid Expended Authority
	3.e. - Obligated Balance - Net - End-of-Period	4221	Unfilled Customer Orders Without Advance
		4225	Appropriation Trust Fund Expenditure Transfers - Receivable
		4251	Reimbursements and Other Income Earned - Receivable
		4801	Undelivered Orders - Unpaid

Financial Statement	Line Item	Account Number	Account Name
Statement of Financing	3.f. - Total Outlays	4901	Expended Authority - Unpaid
		4871	Downward Adjustments of Prior-Year Unpaid Undelivered Orders
		4881	Upward Adjustments of Prior-Year Unpaid Undelivered Orders
		4971	Downward Adjustments of Prior-Year Unpaid Expended Authority
		4981	Upward Adjustments of Prior-Year Unpaid Expended Authority
		4222	Unfilled Customer Orders With Advance
		4252	Reimbursements and Other Income Earned - Collected
		4255	Appropriation Trust Fund Expenditure Transfers - Collected
		4802	Undelivered Orders - Paid
		4902	Expended Authority - Paid
	1.a.1. - Budgetary Resources Obligated for Items to be Received or Provided to Others	4801	Undelivered Orders - Unpaid
		4802	Undelivered Orders - Paid
		4881	Upward Adjustments of Prior-Year Unpaid Undelivered Orders
		4882	Upward Adjustments of Prior-Year Paid Undelivered Orders
		4901	Expended Authority - Unpaid
		4902	Expended Authority - Paid
		4981	Upward Adjustments of Prior-Year Unpaid Expended Authority
		4982	Upward Adjustments of Prior-Year Paid Expended Authority
		4221	Unfilled Customer Orders Without Advance
		4222	Unfilled Customer Orders With Advance
	1.a.2. - Offsetting Collections, Recoveries of PY Authority, and Changes in Unfilled Customer Orders	4225	Appropriation Trust Fund Expenditure Transfers - Receivable
		4251	Reimbursements and Other Income Earned - Receivable
		4252	Reimbursements and Other Income Earned - Collected
		4255	Appropriation Trust Fund Expenditure Transfers - Collected
		4871	Downward Adjustments of Prior-Year Unpaid Undelivered Orders
		4872	Downward Adjustments of Prior-Year Paid Undelivered Orders - Refunds Collected

Financial Statement	Line Item	Account Number	Account Name
		4971	Downward Adjustments of Prior-Year Unpaid Expended Authority
		4972	Downward Adjustments of Prior-Year Paid Expended Authority - Refunds Collected
	2.a. - Change in Undelivered Orders	4801	Undelivered Orders - Unpaid
		4881	Upward Adjustments of Prior-Year Unpaid Undelivered Orders
		4802	Undelivered Orders - Paid
		4882	Upward Adjustments of Prior-Year Paid Undelivered Orders
	2.c. Adjustments Made to Compute net Budgetary Resources Not Affecting Net Cost of Operations	4221	Unfilled Customer Orders Without Advance
		4222	Unfilled Customer Orders With Advance
		4871	Downward Adjustments of Prior-Year Unpaid Undelivered Orders
		4872	Downward Adjustments of Prior-Year Paid Undelivered Orders - Refunds Collected

13.6.13 Parent/Child Relationships

A parent/child relationship exists when authority to make expenditures from an appropriation or funds passes from one agency (the parent or advancing agency) to one or more agencies (the child or receiving agency(ies)). A parent/child relationship can exist as a shared or transfer appropriation. These concepts are explained below.

13.6.14 Shared Appropriation

A shared appropriation exists when an appropriation or funds are made available to one agency that allocates (or reapportions) them to one or more agencies for purposes of fulfilling legislative requirements. During this process, the appropriation or funds remain in and are reported under the original Treasury symbol. The reapportionment of funds is reflected on an SF-132, Internal Apportionment and Reapportionment Schedule. The funds are not transferred by an SF-1151. Current shared appropriation symbols existing in the Department are shown in the table below.

Treasury Symbol	Title
12X1601	Buildings and Facilities - APHIS
1281400, 1271400, 1261400, 1251400, 1241400, 1231400	Agricultural Research Service
12X0500	Hazardous Waste Management
12X1010	Resource Conservation and Development - NRCS
12X1072	Watershed and Flood Prevention Operations - NRCS
1251069, 1241069, 1231069	River Basin Surveys and Investigations - NRCS
1281066, 1271066, 1261066, 1251066, 1241066, 1231066	Watershed Surveys and Planning - NRCS
12X8203	Gifts and Bequests
12X1401	Buildings and Facilities - ARS
12X3336	Forestry Incentives Program - NRCS
1251701, 1241701, 1231701	Economic Research Service
12X0117	Rental Payments
1270012	Fund for Rural America Expenses, OCIO
1281981, 1271981, 1261981	Salaries and Expenses - RUS
1281903, 1271903, 1261903	Salaries and Expenses - RBS
12X4609	Working Capital Fund - USDA
12X1600	Salaries and Expenses - APHIS

13.6.15 Transfer Appropriation

The TFM, Vol. 1, Part 2, Section 2060.20b, states that a transfer appropriation is “a transfer [accomplished through an SF-1151, Non-Expenditure Transfer] of a part or all of an appropriation or fund between agencies where the receiving agency establishes the amount transferred in a transfer appropriation account. The symbol and title of this account will be the same as the original appropriation from which it was transferred with an appropriate prefix to indicate the receiving agency. Expenditures from such transfer appropriation accounts are for the benefit of and are to be associated with the account to which the funds were originally made available.” These types of parent/child relationships occur less frequently as compared to shared appropriations.

13.6.16 Within-Agency Transaction

A within-agency transaction is any type of activity between Treasury symbols within a USDA agency that results in a receivable, payable, revenue, or expense on the agency's financial statements at the end of the fiscal year. Most often, a within-agency transaction is represented by a movement of funds. This can include transfers, reimbursements, or any similar type of transaction. It also encompasses any receivable or payable established between symbols which is outstanding at the end of the fiscal year, i.e., a year-end accrual. Some examples of within-agency transactions are shown below.

- USDA agency XYZ moves funds from one program (Treasury symbol) to another.
- The USDA agency 123 program fund reimburses its administrative fund (or vice versa) for goods received or services performed.
- USDA agency ABC, under the requirements of Credit Reform, transfers subsidy funds from the program fund to the financing fund.
- The financing fund of USDA agency DEF establishes a receivable from the program fund for funds not yet received at year-end. Likewise, the program fund establishes a payable.

Note: For purposes of this discussion, references to agency should be interpreted as an individual USDA Agency, such as CCC, FSA, etc.

13.6.17 Significance of Within-Agency Transactions

Within-agency transactions are significant when separate general ledgers are maintained for each agency appropriation symbol. When this is the case, a single transaction between two symbols is recorded twice, once in each symbol's general ledger. When the agency's financial statements are prepared, the activity will overstate receivables, payables, revenues, and expenses by the agency doing business with itself.

13.6.18 Treatment of Within-Agency Transactions

The financial statements of the agency shall be adjusted to eliminate any outstanding receivables, payables, revenues, and expenses arising as a result of within-agency transactions. These adjustments are made to present the agency as a single entity, rather than a composite of several different entities.¹

13.7 WHERE TO DIRECT QUESTIONS AND COMMENTS

Questions concerning the policies and procedures in this chapter should be directed to the OCFO/FSRAD on (202) 720-5026.

1. These adjustments are termed elimination entries. Although similar in substance, they should not be confused with elimination entries accomplished for purposes of the USDA consolidated effort. Within-agency elimination entries are performed by the individual Agency **before** submission of its financial statements to be combined into the USDA consolidation effort.

EXHIBIT A: ELIMINATION ON ENTRY CODING FORM

Performing Agency			Requesting Agency		
1 Please check the following submission and correct format			1 Please check the following submission and correct format		
<input type="checkbox"/> Initial submission	<input type="checkbox"/> Reimbursable Agreements (AD-672)		<input type="checkbox"/> Initial submission	<input type="checkbox"/> Reimbursable Agreements (AD-672)	
<input type="checkbox"/> Resubmission	<input type="checkbox"/> Transfers (SF-1151)		<input type="checkbox"/> Resubmission	<input type="checkbox"/> Transfers (SF-1151)	
	<input type="checkbox"/> Advances (SF-1081)			<input type="checkbox"/> Advances (SF-1081)	
	<input type="checkbox"/> Greenbook Dept. Reimbursable Program			<input type="checkbox"/> Greenbook Dept. Reimbursable	
	<input type="checkbox"/> Greenbook W/CF Activities			<input type="checkbox"/> Greenbook W/CF Activities	
2 Name of Performing Agency and Control Number _____			2 Name of Performing Agency and Control Number _____		
3 Type of Elimination			3 Type of Elimination		
<input type="checkbox"/> Consolidated (activity between two agencies that are not in the same mission area)			<input type="checkbox"/> Consolidated (activity between two agencies that are not in the same mission area)		
<input type="checkbox"/> Mission area (activity between two agencies that are within the same mission area)			<input type="checkbox"/> Mission area (activity between two agencies that are within the same mission area)		
4 Agreement/Voucher/Document Number			4 Agreement/Voucher/Document Number		
<input type="checkbox"/> Current Year or	<input type="checkbox"/> Prior Year		<input type="checkbox"/> Current Year or	<input type="checkbox"/> Prior Year	
<input type="checkbox"/> Single Year or	<input type="checkbox"/> Multiyear		<input type="checkbox"/> Single Year or	<input type="checkbox"/> Multiyear	
5 Treasury Account Fund Symbol _____			5 Treasury Account Fund Symbol _____		
6a. Treasury	6b. FACTS		6a. Treasury	6b. FACTS	
Bureau Code _____	Business Line _____		Bureau Code _____	Business Line _____	
6c. Budget Function Classification (BFC) _____			6c. Budget Function Classification (BFC) _____		
7 Agreement/Authorization Amount \$ _____			7 Agreement/Authorization Amount \$ _____		
8 Description of Transaction and Status at Year-end _____			8 Description of Transaction and Status at Year-end _____		
_____			_____		
_____			_____		
9 Elimination Data			9 Elimination Data		
Debit (Credit) Amount			Debit (Credit) Amount		
amount	account#	financial statement line item	amount	account#	financial statement line item
_____	_____	_____	_____	_____	_____
amount	account#	financial statement line item	amount	account#	financial statement line item
_____	_____	_____	_____	_____	_____
amount	account#	financial statement line item	amount	account#	financial statement line item
_____	_____	_____	_____	_____	_____
amount	account#	financial statement line item	amount	account#	financial statement line item
_____	_____	_____	_____	_____	_____
10 Reference for source information _____			10 Reference for source information _____		
11 Individual who completed this portion of the form			11 Individual who completed this portion of the form		
Name _____	Phone Number _____		Name _____	Phone Number _____	
12 Signature of financial statement coordinator _____			12 Signature of financial statement coordinator _____		
13a Date this form was sent to the requesting agency _____			13a Date this form was received from performing agency _____		
14 Name of individual to whom this form will be sent _____			14 Date form was submitted to performing agency's mission area _____		

PRIOR YEAR ATTACHMENT

Performing Agency		Requesting Agency	
1. Agreement/Voucher/Document Number		1. Agreement/Voucher/Document Number	
2. Agreement/Authorization Amount		2. Agreement/Authorization Amount	
Fiscal Year 99		Fiscal Year 99	
amount eliminated	line item eliminated (revenue)	amount eliminated	line item eliminated (expense)
amount eliminated	line item eliminated (receivable)	amount eliminated	line item eliminated (payable)
amount eliminated	line item eliminated (other)	amount eliminated	line item eliminated (other)
Fiscal Year 98		Fiscal Year 98	
amount eliminated	line item eliminated (revenue)	amount eliminated	line item eliminated (expense)
amount eliminated	line item eliminated (receivable)	amount eliminated	line item eliminated (payable)
amount eliminated	line item eliminated (other)	amount eliminated	line item eliminated (other)
Fiscal Year 97		Fiscal Year 97	
amount eliminated	line item eliminated (revenue)	amount eliminated	line item eliminated (expense)
amount eliminated	line item eliminated (receivable)	amount eliminated	line item eliminated (payable)
amount eliminated	line item eliminated (other)	amount eliminated	line item eliminated (other)
Fiscal Year 96		Fiscal Year 96	
amount eliminated	line item eliminated (revenue)	amount eliminated	line item eliminated (expense)
amount eliminated	line item eliminated (receivable)	amount eliminated	line item eliminated (payable)
amount eliminated	line item eliminated (other)	amount eliminated	line item eliminated (other)

EXHIBIT B: SUMMARY ELIMINATION ENTRY WORKSHEET

Performing Agency								
Agency Name	Control Number	Type of Elimination (Mission Area or Consolidated)	Treasury Account Fund Symbol (TAFS)	Budget Function Classification (BFC)	SGL Account	Financial Statement & Line Number	Amount	Debit or Credit
I certify that the information above is complete and correct:								

Requesting Agency								
Agency Name	Control Number	Type of Elimination (Mission Area or Consolidated)	Treasury Account Fund Symbol (TAFS)	Budget Function Classification (BFC)	SGL Account	Financial Statement & Line Number	Amount	Debit or Credit
I certify that the information above is complete and correct:								

EXHIBIT C: REIMBURSABLE AGREEMENT TRACKING REPORT

Performing Agency			A	B	C	D	E (C-D)	F (B-C)
Date	Agreement Number	Agency	Agreement Amount	Amount of Requested Goods or Services Performed (Revenue)	Total Amount Billed	Total Amount Collected	Balance Remaining (A/R)	Unbilled Accounts Receivable
1/31/97	97-IA- 11040000- 012- 03000000- 006	FS	1,000,000	500,000	400,000	200,000	200,000	100,000

Requesting Agency			A	B	C	D	E (C-D)	F (B-C)
Date	Agreement Number	Agency	Agreement Amount	Amount of Requested Goods or Services Performed (Expense)	Total Amount of Bill Received	Total Amount Paid	Balance Remaining (A/P)	Accounts Payable (Period End Estimate)
1/31/97	97-IA- 11040000- 012- 03000000- 006	ARS	1,000,000	500,000	400,000	200,000	200,000	100,000

EXHIBIT D: GUIDANCE ON ELIMINATION ENTRIES**INTERAGENCY TRANSACTIONS WITHIN USDA**

1. Imputed costs and financing sources
2. Appropriation Transfers – Current or Prior-Year
3. Reappropriation of unexpired or expired funds
4. Allocation transfers
5. Transfer of obligated balances
6. Trust fund expenditure transfers
7. Transfers from Special Fund Receipt Accounts – Earmarked Receipts
8. Transfers of tangible assets with and without reimbursement
9. Revenue-Generating Transactions/Reimbursable agreements
10. Sale of inventory
11. *Credit Reform transactions between program and financing funds
12. *Employee benefits and employee-related taxes paid by the agency
13. *Borrowing from another agency
14. *Securities issued by one agency and acquired by another agency as an investment

* These are not covered in this document. Exhibit E provides the internet address for guidance from the governmentwide eliminations work group on elimination entries between departments and the Bureau of Public Debt/FFB for investments and loans, DOL for FECA, and OPM for benefits payments which are elimination entries outside USDA.

Credit Reform elimination entry guidance will be developed at a future date. Credit Reform case studies are currently being reviewed by the SGL IRC Credit Reform Subcommittee and sessions are open to interested agency participants.

Some Notes About This Guidance**Acronymns Used:**

BR	Statement of Budgetary Resources
BS	Balance Sheet
CNP	Statement of Changes in Net Position
CY	Current Year
EOP	End of Period
FBWT	Fund Balance with Treasury
NC	Statement of Net Cost
P.L.	Public Law
PY	Prior Year
SOF	Statement of Financing
TAFS	Treasury Account Fund Symbol

- Information related to transactions and elimination entries are presented in the following sequence: 1) the proper accounting posting models for the transactions, 2) the related elimination entries, and 3) the financial statement line items involved in the elimination entries.
- Accounts that should offset between the two parties are still listed in the eliminations entries and should be submitted on the elimination coding form. If the account debit and credit transaction amounts properly offset, an elimination would not actually be posted to the financial statements. However, identifying the accounts on both sides ensures consistent presentation of information.
- Account numbers involved in the elimination process are presented in bold in the accounting entry posting models, as well as in the elimination entries.
- Transactions are presented in somewhat condensed fashion. The budgetary transactions evolving from apportionment to allotment are omitted because they are generally not an issue for elimination. Transactions to commit funds before obligation are also omitted.
- Obligations are represented by accounts 4801/2 and 4901/2. Adjustments to prior year obligations may be appropriate using accounts 4871/2 (downward, undelivered), 4891/2 (upward, undelivered), 4971/2 (downward, expended), or 4981/2 (upward, expended) instead of the current year obligation and expenditure accounts.
- An assumption is made that budgetary resources are generally not anticipated, so the transactions do not reflect anticipated resources. Anticipated resources should be zero at year-end.
- If an agency does not account for a transaction using the accounts presented in this document taken from SGL guidance, the agency must submit their posting model for the transaction along with their elimination forms. Agencies are strongly encouraged to change their accounting to follow SGL guidance, as the reporting of SGL account balances to Treasury is being used to derive reports such as the SF-133 and FMS-2108. Incorrect use of accounts will result in incorrect reports.

Imputed Costs and Financing Sources

Examples: USDA Headquarters costs allocated to agencies and mission areas
 CCC commodities donated to FNS for FNS' programs
 FSA nonreimbursed administrative support allocated to CCC

- Neither party records budgetary transactions.
- The performing side (e.g., HQ, CCC or FSA) has recorded costs (USDA's "real" costs) but has no recorded revenue.
- The performer has nothing to eliminate; however, the performer should confirm the amount with the receiver on the elimination form.

- The performing side originates the form and indicates the imputed cost amount but not the SGL accounts or statement line items. The receiving side designates the eliminating entry and statement line items for mission area or OCFO elimination.
 - USDA HQ allocations and CCC donations imputed to FNS will be addressed by OCFO because they are between mission areas.
 - FSA's nonreimbursed allocation to CCC will be addressed by the mission area on their mission area templates.

Imputed Costs and Financing Sources

Accounting model:

Performing Agency	Receiving Agency
To record imputed costs and imputed financing source.	
<u>Budgetary:</u> No entry.	<u>Budgetary:</u> No entry.
<u>Proprietary:</u> No entry.	<u>Proprietary:</u> Dr. 6730G Imputed Costs Cr. 5780G Imputed Financing Sources

Elimination entries:

<u>Budgetary:</u> No entry.	<u>Budgetary:</u> No entry.
<u>Proprietary:</u> No entry.	<u>Proprietary:</u> a) Dr. 5780G Imputed Financing Source b) Cr. 6730G Imputed Costs

Financial Statement Line Item Eliminations:

a) CNP	Line 2d	Imputed Financing Sources
b) NC or	Line 1a	Program Costs, Federal Costs
b) NC	Line 2a	Costs Not Assigned to Programs
a) SOF	Line 1b3	Non-budgetary, Costs Incurred by Others Without Reimbursement

Appropriation Transfers – Current or Prior Year

- Refer to SGL guidance on www.fms.treas.gov/ussgl/sgl-impl.html and SGL Section III FY 1999 Accounting Transactions A242 through A256.
- Funds transfer from one appropriation to a different appropriation via nonexpenditure transfer. The transfers are usually authorized by specific legislation and are for the benefit of the receiving agency's programs.

- Once the transfer has been accomplished, the losing appropriation no longer has budgetary and proprietary control of the funds.
- Both parties to the transactions should agree whether 4170 or 4190 should be used.

Accounting model:

Transferring Appropriation	Receiving Appropriation
To transfer authority and funds via SF-1151 (assuming the transfer was not anticipated):	
<u>Budgetary:</u> Dr. 4450 Unapportioned Auth. – Avail. Cr. 4170 Transfers – CY Authority, or 4190 Transfers – PY Authority	<u>Budgetary:</u> Dr. 4170 Transfers – CY Authority, or 4190 Transfers – PY Authority Cr. 4450 Unapportioned Auth. – Avail.
<u>Proprietary:</u> Dr. 3100 Unexpended Appropriations Cr. 1010 FBWT	<u>Proprietary:</u> Dr. 1010 FBWT Cr. 3100 Unexpended Appropriations.

Appropriation Transfers – Current or Prior Year

Elimination entries:

Transferring Appropriation	Receiving Appropriation
<u>Budgetary:</u> Dr. a) 4170 Transfers – CY Authority, Or b) 4190 Transfers – PY Authority	<u>Budgetary:</u> Cr. e) 4170 Transfers – CY Authority, Or f) 4190 Transfers – PY Authority
<u>Proprietary:</u> c) Dr. 1010 FBWT d) Cr. 3100 Unexpended Appropriations	<u>Proprietary:</u> g) Dr. 3100 Unexpended Appropriations h) Cr. 1010 FBWT

Financial Statement Line Item Eliminations:

a) BR	Line 1a.	Budgetary Authority	e) BR	Line 1a.	Budgetary Authority
b) BR	Line 1b.	Unobligated Balance	f) BR	Line 1b.	Unobligated Balance
c) BS	Line 1a1.	Assets – Entity – Federal - Fund Balance With Treas.	h) BS	Line 1a1.	Assets – Entity – Federal - Fund Balance With Treas.
d) BS	Line 7	Net Position – Unexpended Approp	g) BS	Line 7	Net Position – Unexpended Approp.
d) CNP	Line 7	Inc/Dec in Unexpended Approp.	g) CNP	Line 7	Inc/Dec in Unexpended Approp

Reappropriation of Expired to Unexpired Funds

- Refer to SGL guidance on www.fms.treas.gov/ussgl/sgl-impl.html and SGL Section III FY 1999 Accounting Transactions A106-A112.

- There are no elimination entries for reappropriations of expired funds related to either budgetary or proprietary accounts, if the accounting transactions are recorded properly. However, to ensure consistent reporting by both sides, the proprietary entries should be reported on the elimination coding forms.
- For expired funds transferring to unexpired funds there are no elimination entries because the budgetary picture on a consolidated basis has in fact changed and should be reported as such.

The transactions should be recorded as:

Losing Fund (expired)	Gaining Fund (unexpired)
To record reappropriation of expired authority to an unexpired account.	
<u>Budgetary:</u> Dr. 4650 Allotments – Expired Auth. Cr. 4396 Auth. Permanently Not Available Pursuant to P.L.	<u>Budgetary:</u> Dr. 4150 Reappropriations Cr. 4450 Unapportioned Auth. – Avail. 4620 Other Funds Avail. For Comm./Oblig.
<u>Proprietary:</u> Dr. 3100 Unexpended Approp. Cr. 1010 FBWT	<u>Proprietary:</u> Dr. 1010 FBWT Cr. 3100 Unexpended Approp.

Eliminating entries:

Losing Fund (expired)	Gaining Fund (unexpired)
<u>Budgetary:</u> No entry.	<u>Budgetary:</u> No entry.
<u>Proprietary:</u> a) Dr. 1010 FBWT b) Cr. 3100 Unexpended Approp	<u>Proprietary:</u> c) Dr. 3100 Unexpended Approp. d) Cr. 1010 FBWT
a) BS Line 1a1. Assets – Entity – Federal – Fund Balance With Treasury	d) BS Line 1a1. Assets – Entity – Federal – Fund Balance With Treasury
b) BS Line 7 Net Position – Unexpended Approp.	c) BS Line 7 Net Position – Unexpended Approp.
b) CNP Line 7 Inc/Dec in Unexpended Appropriations	c) CNP Line 7 Inc/Dec in Unexpended Appropriations

Reappropriation of Unexpired Funds (FY2000)

- For unexpired funds transferring to unexpired funds, there are elimination entries on the budgetary side related to the transfer of funds, and the proprietary entries should wash but shall be reported anyway to ensure that they properly offset.

The transactions should be recorded as:

Losing Fund (unexpired)	Gaining Fund (unexpired)
To record reappropriation of unexpired authority to an unexpired account.	
<u>Budgetary:</u>	<u>Budgetary:</u>
Dr. 4450 Unapportioned Auth. – Avail.	Dr. 4170 Transfers – CY Auth., or
4510 Apportionments	4190 Transfers – PY Auth.
4610 Allotments	Cr. 4450 Unapportioned Auth. – Avail.
4620 Other Funds Available For Commit/Oblig	4620 Other Funds Available For Commit/Oblig
Cr. 4170 Transfers – CY Auth., or	And
4190 Transfers – PY Auth.	Dr. 4150 Reappropriations
	Cr. 4396 Auth. Permanently Not Available Pursuant to P.L.
<u>Proprietary:</u>	<u>Proprietary:</u>
Dr. 3100 Unexpended Approp.	Dr. 1010 FBWT
Cr. 1010 FBWT	Cr. 3100 Unexpended Approp.

Reappropriation of Unexpired Funds (FY 2000)

Elimination entries:

<u>Budgetary:</u>	<u>Budgetary:</u>
a) Dr. 4170 Transfers – CY	e) Cr. 4170 Transfers – CY Authority
or	or
b) Dr. 4190 Transfers – PY Authority	f) Cr. 4190 Transfers – PY Authority
<u>Proprietary:</u>	<u>Proprietary:</u>
c) Dr. 1010 FBWT	g) Dr. 3100 Unexpended Approp.
d) Cr. 3100 Unexpended Appropriations	h) Cr. 1010 FBWT

Financial Statement Line Item Eliminations:

a) BR	Line 1a.	Budgetary Authority	e) BR	Line 1a.	Budgetary Authority
b) BR	Line 1b.	Unobligated Balance	f) BR	Line 1b.	Unobligated Balance
c) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury	h) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury
d) BS	Line 7	Net Position – Unexpended Approp.	g) BS	Line 7	Net Position – Unexpended Approp.
d) CNP	Line 7	Inc/Dec in Unexpended Appropriations	g) CNP	Line 7	Inc/Dec in Unexpended Appropriations

Reappropriation of Unexpired Funds (FY 2000)

Accounting Model:

Losing Fund (unexpired)	Gaining Fund (unexpired)
To record reappropriation of unexpired authority to an unexpired account.	
<u>Budgetary:</u>	<u>Budgetary:</u>
Dr. 4450 Unapportioned Auth. – Avail.	Dr. 4150 Reappropriations
4510 Apportionments	Cr. 4450 Unapportioned Auth. – Avail.
4610 Allotments	4620 Other Funds Available For
4620 Other Funds Available For	Commit/Oblig
Commit/Oblig	
Cr. 4396 Auth. Permanently Not	
Available Pursuant to P.L.	
<u>Proprietary:</u>	<u>Proprietary:</u>
Dr. 3100 Unexpended Approp.	Dr. 1010 FBWT
Cr. 1010 FBWT	Cr. 3100 Unexpended Approp.

Elimination entries:

<u>Budgetary:</u>	<u>Budgetary:</u>
None - The statement of budgetary resources should report the authority no longer being available.	None - The statement of budgetary resources should report the reappropriation.
<u>Proprietary:</u>	<u>Proprietary:</u>
a) Dr. 1010 FBWT	c) Dr. 3100 Unexpended Approp.
b) Cr. 3100 Unexpended Appropriations	d) Cr. 1010 FBWT

Financial Statement Line Item Eliminations:

a) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury	d) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury
b) BS	Line 7	Net Position – Unexpended Approp.	c) BS	Line 7	Net Position – Unexpended Approp.
b) CNP	Line 7	Inc/Dec in Unexpended Appropriations	c) CNP	Line 7	Inc/Dec in Unexpended Appropriations

Allocation Transfers

- Refer to SGL guidance on Allocation Transfers at www.fms.treas.gov/ussgl/sgl-impl.html and SGL Section III Accounting Transactions A206 through A240.
- The Parent agency transfers funds to a Child agency to carry out the Parent's programs.
- The TAFS "basic four" account number remains the same as the parent's TAFS. The child adds its agency code at the beginning of its agency-fund symbol.
- Funds are transferred via SF 1151 and may be transferred at the time the allocation transfer agreement is signed, or may be transferred as needed by the Child for outlay purposes.

- The Child is the only one who obligates, expends, and outlays funds. There is no expenditure recorded for the Parent (nonexpenditure transfer).
- Currently account 4175 Allocation Transfers is used for all transfers. In FY 2000 a new account 4176 Allocation Transfers – Prior-Year Balances will be separated from 4175 Allocation Transfers – Current-Year Authority. The accounting model will be the same as the current model except that no liability or receivable is ever set up for prior year balance transfers. The funds are transferred from Parent to Child, and unused amounts are transferred by the Child back to the Parent.
- The elimination involves the budget transfer account, and proprietary accounts are eliminated only if the Parent has established a payable for funds not yet transferred at year-end, and the Child has established a receivable. The payable and receivable would have to be eliminated on the balance sheet.

Allocation Transfers

Accounting model:

Parent Agency	Child Agency
To record the transfer agreement (assumes the transfer is not anticipated):	
<u>Budgetary:</u> Dr. 4510 Apportionments Cr. 4175 Allocation Transfers	<u>Budgetary:</u> Dr. 4175 Allocation Transfers Cr. 4510 Apportionments
<u>Proprietary:</u> Dr. 3100 Unexpended Appropriations Cr. 2150G Liability for Allocation Transfers	<u>Proprietary:</u> Dr. 1330G Receivable for Allocation Transfers Cr. 3100 Unexpended Appropriations
When funds are transferred, the entry booked: Dr. 2150G Liab. For Alloc. Transf. Cr. 1010 FBWT	Dr. 1010 FBWT Cr. 1330G Receiv. For Alloc. Transf.
To record funds transferred by the Child back to the Parent.	
<u>Budgetary:</u> Dr. 4175 Allocation Transfers Cr. 4510 Apportionments	<u>Budgetary:</u> Dr. 4510 Apportionments Cr. 4175 Allocation Transfers
<u>Proprietary:</u> Dr. 1010 FBWT Cr. 3100 Unexpended Appropriations	<u>Proprietary:</u> Dr. 3100 Unexpended Appropriations Cr. 1010 FBWT

Allocation Transfers

Elimination entries:

Parent Agency			Child Agency		
At year-end, in situations where the Parent transfers to the Child based on the Child's outlay needs and there was unused authority that would expire, the balance of the Parent's liability and the Child's receivable need to be eliminated.					
<u>Budgetary:</u>			<u>Budgetary:</u>		
a) Dr. 4175 Allocation Transfers			e) Cr. 4175 Allocation Transfers		
<u>Proprietary:</u>			<u>Proprietary:</u>		
b) Dr. 1010 FBWT			f) Dr. 3100 Unexpended Appropriations		
or			g) Cr. 1010 FBWT		
c) Dr. 2150G Liab. For Alloc. Transfer			or		
d) Cr. 3100 Unexpended Appropriations			h) Cr. 1330G Receiv. For Alloc. Transf.		
a) BR	Line 1a.	Budget Authority	e) BR	Line 1a.	Budget Authority
b) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury	g) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury
c) BS	Line 4a1.	Liabilities – Covered by Bud. Res. – Federal – Accounts Payable	h) BS	Line 1a3.	Assets – Entity – Federal – Accounts Receivable
d) BS	Line 7	Net Position – Unexpended Approp.	f) BS	Line 7	Net Position – Unexpended Approp.
d) CNP	Line 7	Inc/Dec in Unexpended Appropriations	f) CNP	Line 7	Inc/Dec in Unexpended Appropriations

Transfers of Obligated Balances – Unpaid

- Refer to SGL guidance at www.fms.treas.gov/ussgl/sgl-impl.html related to transfers of obligated balances.
- These transfers are usually authorized by specific legislation.
- The receiving appropriation assumes the undelivered orders along with the funding to liquidate the orders.
- The transferring appropriation ceases budgetary and proprietary responsibility once the transfer of funds has been accomplished, but reports the transfer activity on the SF 133, FMS 2108, FACTS, and the financial statements in the year of transfer.
- The transactions assume that the appropriation transfers subsequent to the first year of the appropriation, but prior to cancellation.
- If recorded properly, the entries booked by the Transferring and Receiving Appropriations offset and would not require elimination in consolidation, for either the unpaid obligations or paid obligations being transferred. However, they should be reported on the elimination entry coding forms to ensure proper match on both sides.

Accounting model:

Transferring Appropriation	Receiving Appropriation
To transfer authority and obligations from a prior unexpired budget year via SF-1151 for unpaid obligations:	
<u>Budgetary:</u>	<u>Budgetary:</u>
Dr. 4801 Unexpended Oblig. – Unpaid (4831 Undelivered Orders Transferred – Unpaid in FY 2000)	Dr. 4201 Total Actual Resources
Cr. 4201 Total Actual Resources	Cr. 4801 Unexpended Oblig. – Unpaid (4831 Undelivered Orders Transferred Unpaid in FY 2000)
<u>Proprietary:</u>	<u>Proprietary:</u>
Dr. 3100 Unexpended Appropriations	Dr. 1010 FBWT
Cr. 1010 FBWT	Cr. 3100 Unexpended Appropriations.

Transfers of Obligated Balances – Unpaid**Elimination entries:**

Transferring Appropriation	Receiving Appropriation
<u>Budgetary:</u>	<u>Budgetary:</u>
a) Dr. 4201 Total Actual Resources	e) Dr. 4801 Unexpended Oblig. - Unpaid (4831 Undelivered Orders Transf. – Unpaid in FY 2000)
b) Cr. 4801 Unexpended Oblig. - Unpaid (4831 Undelivered Orders Transf. – Unpaid in FY 2000)	f) Cr. 4201 Total Actual Resources
<u>Proprietary:</u>	<u>Proprietary:</u>
c) Dr. 1010 FBWT	g) Dr. 3100 Unexpended Approp.
d) Cr. 3100 Unexpended Approp.	h) Cr. 1010 FBWT

Financial Statement Line Item Eliminations:

a) BR	Line 1b.	Unoblig. Balance	f) BR	Line 1b.	Unoblig. Balance
b) BR	Line 2a.	Oblig. Incurred	e) BR	Line 2a.	Oblig. Incurred
b) BR	Line 3a.	Outlays – Oblig. Incurred	e) BR	Line 3a.	Outlays – Oblig. Incurred
b) BR	Line 3e.	Oblig. Bal., Net EOP	e) BR	Line 3e.	Oblig. Bal., Net EOP
b) SOF	Line 1a1.	Resources Oblig. for Items to be Received or Provided to Others	e) SOF	Line 1a1.	Resources Oblig. for Items to be Received or Provided to Others
c) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury	h) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury
d) BS	Line 7	Net Position – Unexpended Approp.	g) BS	Line 7	Net Position – Unexpended Approp.
d) CNP	Line 7	Inc/Dec in Unexpended Appropriations	g) CNP	Line 7	Inc/Dec in Unexpended Appropriations

Transfers of Obligated Balances – Paid

Accounting Model:

Transferring Appropriation	Receiving Appropriation
To transfer authority and obligations from a prior unexpired budget year:	
<u>Budgetary:</u>	<u>Budgetary:</u>
Dr. 4802 Unexpended Oblig. – Paid	Dr. 4201 Total Actual Resources
(4832 Undelivered Orders Transferred – Paid in FY 2000)	Cr. 4802 Unexpended Oblig. – Paid
Cr. 4201 Total Actual Resources	(4832 Undelivered Orders Transferred – Paid, in FY 2000)
<u>Proprietary:</u>	<u>Proprietary:</u>
Dr. 3100 Unexpended Appropriations	Dr. 1410G Advances to Others
Cr. 1410G Advances to Others	Cr. 3100 Unexpended Appropriations.

Transfers of Obligated Balances – Paid

Elimination entries:

Performing Agency	Requesting Agency
<u>Budgetary:</u>	<u>Budgetary:</u>
a) Dr. 4201 Total Actual Resources	e) Dr. 4802 Unexpended Oblig. – Paid
b) Cr. 4802 Unexpended Oblig. – Paid	(4832 Undelivered Orders Transferred – Paid, in FY 2000)
(4832 Undelivered Orders Transferred Paid, in FY 2000)	f) Cr. 4201 Total Actual Resources
<u>Proprietary:</u>	<u>Proprietary:</u>
c) Dr. 1410G Advances to Others	g) Dr. 3100 Unexpended Appropriations
d) Cr. 3100 Unexpended Appropriations.	h) Cr. 1410G Advances to Others

Financial Statement Line Item Eliminations:

a) BR	Line 1b.	Unoblig. Balance	f) BR	Line 1b.	Unoblig. Balance
b) BR	Line 2a.	Oblig. Incurred	e) BR	Line 2a.	Oblig. Incurred
b) BR	Line 3a.	Outlays – Oblig. Incurred	e) BR	Line 3a.	Outlays – Oblig. Incurred
b) BR	Line 3f.	Total Outlays (check)	e) BR	Line 3f.	Total Outlays (check)
b) SO F	Line 1a1.	Resources Oblig. for Items to be Received or Provided to Others	e) SO F	Line 1a1.	Resources Oblig. for Items to be Received or Provided to Others
c) BS	Line 1a4.	Assets – Entity – Federal – Other Assets	h) BS	Line 1a4.	Assets – Entity – Federal – Other Assets
d) BS	Line 7	Net Position – Unexpended Approp.	g) BS	Line 7	Net Position – Unexpended Approp.
d) CNP	Line 7	Inc/Dec in Unexpended Appropriations	g) CNP	Line 7	Inc/Dec in Unexpended Appropriations

Trust Fund Transfers

- Refer to SGL guidance at www.fms.treas.gov/ussgl/sgl-impl.html
- Due to the nature of trust funds, any resource to the trust fund is recorded as an appropriation. In 99% of agency trust funds, the funds are immediately available to the trust fund. If unavailable, the accounting model would be similar to the model for unavailable special receipts.

- Any movement between a trust fund expenditure account and a federal fund account (general, special, revolving) is generally recorded as an expenditure transfer that must be eliminated. Both budgetary and proprietary accounts must be eliminated.
- Transfers between trust fund expenditure accounts are booked as nonexpenditure transfers. The budgetary transfers in and out must be eliminated. No budgetary expenditure is recorded.
- Regardless whether the transfer is expenditure or nonexpenditure on the budgetary side, it can be an exchange or nonexchange transaction on the proprietary side. If nonexchange, 57xx transfer in and out accounts are used. If exchange, the collecting side recognizes 57xx exchange revenue, and the paying side recognizes 6xxx expense. These examples assume nonexchange transactions.
- Outstanding issues still being addressed relate to consistent reporting on the SF-133, the P&F Schedule, and the financial statements.

Trust Fund Transfers – Between Trust Fund Expenditure Accounts Nonexchange Transactions

Accounting model (for a nonexpenditure transfer between two trust fund expenditure accounts, per current draft SGL guidance which may change):

Transferring Expend. Trust Fund	Receiving Expend. Trust Fund
To record anticipated transfer amount which will remain invested until needed for disbursement.	
<u>Budgetary:</u> Dr. 4620 Other Funds Avail. for Commit./Oblig. Cr. 4170 Transfers – CY Auth., or 4175 Allocation Transfers	<u>Budgetary:</u> Dr. 4170 Transfers – CY Auth., or 4175 Allocation Transfers Cr. 4450 Unapportioned Auth., or 4620 Other Funds Avail. for Commit./Oblig
<u>Proprietary:</u> Dr. 5730G Fin'g Sources Transf. Out W/O Reimbursement (5765 Non-expend. Trust Fund Fin'g Sources Transf. Out in FY 2000) Cr. 2150G Liab. For Alloc. Transfers	<u>Proprietary:</u> Dr. 1330G Receivable for Alloc. Transfers Cr. 5720G Fin'g Sources Transf. In W/O Reimbursement (5755 Non-expend. Trust Fund Fin'g Sources Transf. In in FY 2000)
To record actual transfer of funds (SF-1151 Nonexpenditure transfer-out to another trust fund expenditure account):	
<u>Budgetary:</u> None.	<u>Budgetary:</u> None.
<u>Proprietary:</u> Dr. 2150G Liab. For Alloc. Transfers Cr. 1010 FBWT	<u>Proprietary:</u> Dr. 1010 FBWT Cr. 1330G Receivable for Alloc. Transfers

Trust Fund Transfers – Between Trust Fund Expenditure Accounts Nonexchange Transactions

At year-end, the balance of the liability for amounts not transferred out and the offsetting receivable need to be eliminated, as well as the transfers out and in. The FBWT cash balances should wash, but should be reported on the elimination coding forms to verify consistent reporting.

Elimination Entries:

Transferring Expend. Trust Fund			Receiving Expend. Trust Fund		
<u>Budgetary:</u>			<u>Budgetary:</u>		
a)	Dr. 4170	Transfers – CY Auth., or 4175 Allocation Transfers	e)	Cr. 4170	Transfers – CY Auth., or 4175 Allocation Transfers
<u>Proprietary:</u>			<u>Proprietary:</u>		
b)	Dr. 2150G	Liab. For Alloc. Transfers and/or	f)	Dr. 5720G	Fin'g Sources Transf. In W/O Reimbursement (5755G Non-expend. Trust Fund Fin'g Sources Transf. In in FY 2000)
c)	Dr. 1010	FBWT	g)	Cr. 1330G	Receivable for Alloc. Transfers and/or
d)	Cr. 5730G	Fin'g Sources Transf. Out W/O Reimbursement (5765G Non-expend. Trust Fund Fin'g Sources Transf. Out in FY 2000)	h)	Cr. 1010	FBWT

Financial Statement Line Item Eliminations:

a) BR	Line 1a.	Budget Authority	e) BR	Line 1a.	Budget Authority
b) BS	Line 4a(1)	Liabilities Covered by Budgetary Resources – Federal – Accounts Pay.	g) BS	Line 1a(3)	Entity Assets – Federal- Accounts Receivable
c) BS	Line 1a(1)	Assets - Entity - Federal - FBWT	h) BS	Line 1a(1)	Assets - Entity - Federal - FBWT
d) BS	Line 8	Cumulative Results of Operations	f) BS	Line 8	Cumulative Results of Operations
d) CNP	Line 2f.	Transfers-out	f) CNP	Line 2e.	Transfers-in

The elimination does not affect the Statement of Financing because budgetary authority is transferring which can later be obligated. No obligations or offsetting collections are involved at this point.

Transfers From Trust Fund Expenditure Account to Federal Fund Account Nonexchange Transactions

Accounting Model (for an expenditure transfer from a trust fund expenditure account to a federal fund account (e.g., general fund) per current draft SGL guidance which may change):

Transferring Expend. Trust Fund	Receiving Federal Fund
To record the expenditure transfer payable and receivable.	Assume the transfer was not anticipated.
<u>Budgetary:</u> Dr. 4620 Other Funds Avail. for Commit./ Oblig. Cr. 4901 Expended Authority - Unpaid	<u>Budgetary:</u> Dr. 4225 Approp. Trust Fund Expenditure Transfer – Receivable Cr. 4450 Unapportioned Auth., or 4620 Other Funds Avail. for Commit./ Oblig.
<u>Proprietary:</u> Dr. 5730G Fin'g Sources Transf. Out W/O Reimbursement (5760 Expenditure Fin'g Sources Transf. Out in FY 2000) Cr. 2150G Liab. For Alloc. Transfers (2155G Nonexchange Expenditure Transfers Payable in FY 2000)	<u>Proprietary:</u> Dr. 1330G Receivable for Alloc. Transfers (1335G Nonexchange Expenditure Transfers Receivable in FY 2000) Cr. 5720G Fin'g Sources Transf. In W/O Reimbursement (5750G Expenditure Fin'g Sources Transf. In in FY 2000)
To record actual transfer of funds (SF-1081/OPAC expenditure transfer-out to a federal fund account):	
<u>Budgetary:</u> Dr. 4901 Expended Authority – Unpaid Cr. 4902 Expended Authority - Paid	<u>Budgetary:</u> Dr. 4255 Appropriation Trust Fund Expend. Transfer – Collected Cr. 4225 Approp. Trust Fund Expend. Transfer - Receivable
<u>Proprietary:</u> Dr. 2150G Liab. For Alloc. Transfers (2155G Nonexchange Expenditure Transfers Payable in FY 2000) Cr. 1010 FBWT	<u>Proprietary:</u> Dr. 1010 FBWT Cr. 1330G Receivable for Alloc. Transfers (1335G Nonexchange Expenditure Transfers Receivable in FY 2000)

Trust Fund Transfers From Trust Fund Expenditure Account to Federal Account Nonexchange Transactions

At year-end, the balance of the liability for amounts not transferred out and the offsetting receivable need to be eliminated, as well as the trust funds expenditures and the general funds collections.

Elimination entries:

Transferring Expend. Trust Fund		Receiving Federal Fund	
<u>Budgetary:</u>		<u>Budgetary:</u>	
a)	Dr. 4901 Expended Authority – Unpaid	f)	Cr. 4225 Approp. Trust Fund Expend. Transfer – Receivable
or		or	
b)	Dr. 4902 Expended Authority - Paid	g)	Cr. 4255 Appropriation Trust Fund Expend. Transfer – Collected
<u>Proprietary:</u>		<u>Proprietary:</u>	
c)	Dr. 2150G Liab. For Alloc. Transfers (2155G Nonexchange Expenditure Transfers Payable in FY 2000)	h)	Dr. 5720G Fin'g Sources Transf. In W/O Reimbursement (5750G Expenditure Fin'g Sources Transf. In in FY 2000)
or		i)	Cr. 1330G Receivable for Alloc. Transfers (1335G Nonexchange Expenditure Transfers Receivable in FY 2000)
d)	Dr. 1010 FBWT	or	
e)	Cr. 5730G Fin'g Sources Transf. Out W/O Reimbursement (5760 Expenditure Fin'g Sources Transf. Out in FY 2000)	j)	Cr. 1010 FBWT

Trust Fund Transfers From Trust Fund Expenditure Account to Federal Account Nonexchange Transactions

Financial Statement Line Item Eliminations:

Transferring Expend. Trust Fund			Receiving Federal Fund		
a/ b) BR	Line 2a.	Obligations Incurred	f/ g) BR	Line 1c.	Spending Authority from Offsetting Collections
a/ b) BR	Line 3a.	Obligations Incurred	f/ g) BR	Line 3b.	Spending Authority from Offsetting Collections
a) BR	Line 3e.	Oblig. Bal., Net - EOP	f) BR	Line 3e.	Oblig. Bal., Net - EOP
b) BR	Line 3f.	Total Outlays (check)	g) BR	Line 3f.	Total Outlays (check)
a/ b) SOF	Line 1a1.	Budgetary Resources Obligated for Items to Be Received or Provided to Others	f/ g) SOF	Line 1a2.	Offsetting Collections, Recoveries of Py Auth., and Changes in Unfilled Customer Orders
c) BS	Line 4a(1)	Liabilities Covered by Budgetary Resources – Federal – Accounts Pay.	i) BS	Line 1a(3)	Entity Assets – Federal- Accounts Receivable
d) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury	j) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury
e) BS	Line 8	Cumulative Results of Operations	h) BS	Line 8	Cumulative Results of Operations
e) CNP	Line 2f.	Transfers-out	h) CNP	Line 2e.	Transfers-in

Transfers from a Federal Fund to a Trust Fund Expenditure Account Nonexchange Transactions

Accounting Model (for a federal fund making an expenditure transfer to a trust fund expenditure account per current draft SGL guidance which may change):

Transferring Federal Fund	Receiving Expend. Trust Fund
To record funds being transferred to the Trust Fund.	
<u>Budgetary:</u>	<u>Budgetary:</u>
Dr. 4610 Allotments, or 4620 Other Funds Avail. For Commitment/Oblig. Cr. 4902 Expended Authority – Paid	Dr. 4119 Other Approp. Realized (4114 Approp. Trust or Special Fund Receipts in FY 2000) Cr. 4620 Other Funds Avail. For Commitment/Oblig.
<u>Proprietary:</u>	<u>Proprietary:</u>
Dr. 5730G Financing Sources Transf. Out W/O Reimb. (5760G Expend. Financing Sources Transf. Out in FY 2000) Cr. 1010 FBWT	Dr. 1010 FBWT Cr. 5720G Financing Sources Trans. In W/O Reimbursement (5750G Expend. Financing Sources Transferred In, FY2000)
Dr. 3100 Unexpended Appropriations Cr. 5700 Appropriations Used	

Transfers from a Federal Fund to a Trust Fund Expenditure Account Nonexchange Transactions

Elimination Entries:

Transferring Federal Fund	Receiving Expend. Trust Fund
<u>Budgetary:</u>	<u>Budgetary:</u>
a) Dr. 4902 Expended Authority – Paid	d) Cr. 4119 Other Approp. Realized (4114 Approp. Trust or Special Fund Receipts in FY 2000)
<u>Proprietary:</u>	<u>Proprietary:</u>
b) Dr. 1010 FBWT	e) Dr. 5720G Financing Sources Transf. In W/O Reimbursement (5750G Expend. Financing Sources Transferred In, FY 2000)
c) Cr. 5730G Financing Sources Transf. Out W/O Reimb. (5760G Expend. Financing Sources Transf. Out in FY 2000)	f) Cr. 1010 FBWT

Financial Statement Line Item Eliminations:

a) BR	Line 2a.	Oblig. Incurred	d) BR	Line 1a.	Budget Authority
a) BR	Line 3a.	Oblig. Incurred			
a) BR	Line 3f.	Total Outlays (check)			
b) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury	f) BS	Line 1a1.	Assets – Entity – Federal – Fund Balance With Treasury
c) BS	Line 8	Cumulative Results of Operations	e) BS	Line 8	Cumulative Results of Operations
c) CNP	Line 2f.	Transfers-out	e) CNP	Line 2e	Transfers-in
a) SOF	Line 1a1.	Bud. Res. Oblig. for Items To Be Received or Provided to Others			
c) SOF	Line 2b.	Budg. Offsetting Collections Not Increasing Earned Rev. or Decreasing Expense			

**Transfers from Special Fund Receipt Accounts – Earmarked Receipts
(excluding Credit Reform)**

- Refer to SGL guidance at www.fms.treas.gov/ussgl/sgl-impl.html for Unavailable Special Fund Receipt Account Transfers.
- Special Fund Receipt Accounts can either be available for obligation without further action by Congress, or be unavailable until legislation is enacted permitting obligation and expenditure.
- Special fund receipt accounts record collections that are earmarked by law for a specific purpose and are not designated as trust fund receipts.
- Special fund receipt accounts are not considered to be budgetary resources, so there is no budgetary accounting recorded for their transactions.
- Special fund receipt accounts are reported in the entity's financial statements, per 97-01 as amended.
- The receipts in special fund receipt accounts are recorded as either exchange or nonexchange revenue when collected, depending upon the nature of the receipt. If exchange revenue, they are reported on the agency's Statement of Net Cost. If nonexchange revenue, they are reported on the agency's Statement of Changes in Net Position. In either case, the receipts affect the net position of the entity when the revenue accounts are closed to cumulative results of operations.
- When the expenditure account receives the warrant from Treasury (or "invisible warrant") making the receipt account funds available to it, an appropriation is recorded in the expenditure account. However, there is no proprietary entry to 3100 Unexpended Appropriations because this would duplicate the impact on the entity's net position that was already created when the receipt account's revenues closed to cumulative results.
- When the special fund receipt account receipts are appropriated to the expenditure account, they are reported as a negative appropriation for the receipt account on Schedule N "Unavailable Collections" related to the receipt account and as positive appropriation budget authority on the P&F Schedule P for the expenditure account.
- The transfer of funds from the receipt account to the expenditure account is recorded as a nonexpenditure transfer-out of the receipt account and a transfer-in to the expenditure account. This transaction must be eliminated in consolidation when the special fund receipt account and special fund expenditure account are both within USDA.
- There are no elimination entries related to budgetary accounts because no budgetary accounting was recorded for the special fund receipt account.

Transfers from Special Fund Receipt Accounts – Earmarked Receipts (excluding Credit Reform)

Accounting Model:

Special Fund Receipt Account	Special Fund Expenditure Account
Receipt of Exchange Revenue	No entries.
<u>Budgetary:</u> None.	
<u>Proprietary:</u> Dr. 1010 FBWT Cr. 5900 Other Revenue (assume Exchange)	
Treasury processes a warrant to appropriate funds to the expenditure account from collections in the receipt account.	
<u>Budgetary:</u> None.	<u>Budgetary:</u> Dr. 4119 Other Appropriations (4114 Appropriated Trust or Special Fund Receipts in FY 2000) Cr. 4450 Unapportioned Authority
<u>Proprietary:</u> Dr. 5730G Transfer Out (5745G Appropriated Earmarked Receipts Transferred Out in FY 2000) Cr. 1010 FBWT	<u>Proprietary:</u> Dr. 1010 FBWT Cr. 5720G Transfer In (5740G Appropriated Earmarked Receipts Transferred In in FY2000)
Obligation and Expenditure of Funds – not recorded in the special fund receipt account.	Obligation and Expenditure of Funds –recorded only in the special fund expenditure account. Note that expending funds does not result in the usual transaction to Dr. 3100 Unexpended Approp. and Cr. 5700 Approp. Used.

Transfers from Special Fund Receipt Accounts – Earmarked Receipts (excluding Credit Reform)

Elimination entries:

Special Fund Receipt Account	Special Fund Expenditure Account
a) Dr. 1010 FBWT	c) Dr. 5720G Transfer In (5740G Appropriated Earmarked Receipts Transferred In FY2000)
b) Cr. 5730G Transfer Out (5745G Appropriated Earmarked Receipts Transferred Out in FY2000)	d) Cr. 1010 FBWT

Financial Statement Line Item Eliminations:

a) BS	Line 1a1.	Assets - Entity - Federal - FBWT	d) BS	Line 1a1.	Assets - Entity - Federal - FBWT
b) BS	Line 8	Cumulative Results of Operations	f) BS	Line 8	Cumulative Results of Operations
b) CNP	Line 2f.	Transfers Out	c) CNP	Line 2e.	Transfers In

Transfers of Assets Without Reimbursement

- Refer to SGL Section III Accounting Transactions B502 for the transfer-out and C402 for the transfer-in.
- There are no budgetary transactions recorded for a transfer of tangible assets out or in without reimbursement.
- The proprietary transfer-out and transfer-in transactions must be eliminated in consolidation.
- The entries recorded at the time of transfer are:

Agency Transferring Out	Agency Transferring In
<u>Budgetary:</u> No entry.	<u>Budgetary:</u> No entry.
<u>Proprietary:</u> Dr. 15xx-18xx Allowance or Accumulated Depreciation 5730G Financing Sources Transferred Out Without Reimbursement Cr. 15xx-18xx Asset Account	<u>Proprietary:</u> Dr. 15xx-18xx Asset Account Cr. 5720G Financing Sources Transferred In Without Reimbursement

Elimination entries:

Agency Transferring Out	Agency Transferring In
No budgetary elimination.	No budgetary elimination.
<u>Proprietary:</u> Cr. 5730G Financing Sources Transferred Out Without Reimbursement	<u>Proprietary:</u> Dr. 5720G Financing Sources Transferred In Without Reimbursement
BS Line 8 Cumulative Results of Operations	BS Line 8 Cumulative Results of Operations
CNP Line 2F Transfers Out	CNP Line 2E Transfers In
SOF Line 1b2. Property Given to Others Without Reimbursement	SOF Line 1b1. Property Received From Others Without Reimbursement

Transfers of Fixed Assets With Reimbursement

- Refer to SGL guidance at www.fms.treas.gov/ussgl/sgl-impl.html related to disposition of personal property.
- The transactions recorded are very complicated. The sale of assets between USDA agencies should be avoided if at all possible.
- If one agency sells a fixed asset to another agency, there are both budgetary and proprietary transactions to be eliminated (although it's difficult to determine what gets eliminated).
- Agencies are generally authorized to collect proceeds from the sale of personal property and apply it to the purchase of similar replacement property for one fiscal year after the sale (Federal Property and Administrative Services Act of 1949), unless directed otherwise in specific legislation.

- The selling agency must deposit the proceeds in a budget suspense account until the money is needed to acquire a replacement property. When the obligation is subsequently incurred for the replacement property, the budget clearing account will be charged and the appropriation account will be credited.
- If replacement property is not acquired, or not acquired within the prescribed time period, the receipt would be returned to a Treasury miscellaneous receipt account by the selling agency.
- Guidance is not presented on the sale of fixed assets between USDA agencies in this exhibit.

Characteristics of Revenue-Generating Transactions

- There is a performer and a requester.
- The performer recognizes revenue and the requester recognizes expense. The revenue and expense need to be eliminated because they are internal to USDA and do not change the consolidated entity's resources or net position.
- The performer's budgetary resources evolve from "Unfilled Customer Orders" (with or without advance) to "Reimbursements and Other Income Earned" (receivable or collected) as work is performed and the revenue is earned.
- Both the performer and requester obligate funds related to the agreement, and the duplication of obligation has to be eliminated.
- There may be a receivable on the performer's books and a payable on the requester's books that require elimination.

General Steps in the Revenue-Generating Transaction

- An agreement is placed and received with or without an advance (AD 672, AD 742, or MOU).
- The agreement establishes budget authority for the performer. The performer may not obligate funds to cover the work to be performed until the agreement is signed because budget authority does not exist before the agreement is finalized. After receipt of the agreement, the performer obligates funds to cover the work to be performed.
- The performer does work/completes action and recognizes expended authority and related expenses.
- The performer accrues revenue, bills the requester, and books a receivable if there was no previous advance.

- The requester obligates funds and records an expenditure (paid or unpaid) and a proprietary expense² related to the work performed, and books a payable if there was no previous advance.
- The requester pays the performer if there was no previous advance.
- Adjustments are booked by the performer if the dollar amount of work performed is less than the original agreement amount.

*Note: Refer to Treasury FMS's Budgetary Accounting Guide, Reimbursables supplement, dated September, 1996, available on the internet at www.fms.treas.gov/ussgl/ and SGL Section III Accounting Transactions A302 – A316.

General Rule for Elimination Entries – Revenue-Generating Transactions

- The performing side eliminates the budgetary transactions related to collections, and the requesting side eliminates budgetary transactions related to obligations.³
- Generally, the performing side eliminates revenue and the requesting side eliminates cost/expense.⁴
- The performing side eliminates the receivable and the requesting side eliminates the payable, if there was not full payment or no advance.

² If the requesting agency capitalizes the amount billed rather than recording a program expense, contact OCFO FSRAD.

³ In FY 1998, USDA had the performer eliminate all the budgetary transactions. This produced a satisfactory result, but is not consistent with subsequent guidance from the SGL. There is some discussion about FACTS II being used in the future to produce a U.S. Statement of Budgetary Resources. Budgetary account balances in FACTS II may in the future be identified for elimination, in which case both parties would tag their side of the transaction with a "G".

⁴ The exception is for inventory sold, in which case Treasury has requested that the performer eliminate their cost of goods sold as well as their revenue. The reasoning is that the requester side is likely to record program costs in account 6100, and if the requester's costs were eliminated then the performer's costs in account 6500 Cost of Goods Sold would flow to the consolidated entity. This would not be an accurate portrayal of the consolidated picture.

Revenue Generation Accounting Transactions – Without Advance

Accounting Model:

Performing Agency	Requesting Agency
An order is placed, or some performance action is requested of the performing agency:	
<u>Budgetary:</u> Dr. 4221 Unfilled Customer Orders W/O Advance Cr. 4210 Anticip. Reimb & Other Income Dr. 4590 Apportionments Unavail. Cr. 4610 Allotments	<u>Budgetary:</u> Dr. 4610 Allotments Cr. 4801 Unexpended Oblig. - Unpaid
If the performer obligates funds to cover the reimbursable work: Dr. 4610 Allotments Cr. 4801 Unexpended Oblig. - Unpaid	
<u>Proprietary:</u> None.	<u>Proprietary:</u> None
Performance on the agreement and payment to the performer's vendors.	No entries.
<u>Budgetary:</u> Dr. 4801 Unexpended Oblig. - Unpaid Cr. 4902 Expended Authority - Paid	
<u>Proprietary:</u> Dr. 6100 Oper. Exp/Prog. Costs Cr. 1010 FBWT	
Accrue revenue and bill/notify requester:	
<u>Budgetary:</u> Dr. 4251 Reimbursements & Other Income- Receivable Cr. 4221 Unfilled Customer Orders W/O Advance	<u>Budgetary:</u> Dr. 4801 Unexpended Oblig. - Unpaid Cr. 4901 Expended Auth. - Unpaid
<u>Proprietary:</u> Dr. 1310G Accounts Receivable Cr. 5100G/5200G Revenue from Goods/Services Sold	<u>Proprietary:</u> Dr. 6100G Oper. Exp./Prog. Costs Cr. 2110G Accounts Payable Dr. 3100 Unexpended Appropriations Cr. 5700 Appropriations Used.

Revenue Generation Accounting Transactions – Without Advance

Accounting Model (continued):

Performing Agency	Requesting Agency
Collect payment.	
<u>Budgetary:</u> Dr. 4252 Reimbursements & Other Income – Collected Cr. 4251 Reimbursements & Other Income – Receivable	<u>Budgetary:</u> Dr. 4901 Expended Auth. – Unpaid Cr. 4902 Expended Auth. – Paid
<u>Proprietary:</u> Dr. 1010 FBWT Cr. 1310G Accounts Receivable	<u>Proprietary:</u> Dr. 2110G Accounts Payable Cr. 1010 FBWT

Performing Agency	Requesting Agency
An adjustment is processed because the order is completed in the same year as it was placed, and the amount is less than the original order:	
<u>Budgetary:</u>	<u>Budgetary:</u>
Dr. 4210 Antic. Reimb. & Other Income (this account is zeroed out at year-end)	Dr. 4801 Unexpended Oblig. – Unpaid
Cr. 4221 Unfilled Customer Order W/O Advance	Cr. 4610 Allotments
If the performer had previously obligated funds to cover the full order:	
Dr. 4801 Unexpended Oblig. – Unpaid	
Cr. 4610 Allotments	
<u>Proprietary:</u>	<u>Proprietary:</u>
No entry.	No entry.
If the year ends and the order remains unfilled, the performer will have a balance in 4221 Unfilled Customer Orders W/O Advance.	The requester will have a balance in 4801 Unexpended Oblig. – Unpaid.

Revenue-Generation Accounting Transactions – Without Advance

Elimination Entries:

Performing Agency	Requesting Agency
<u>Budgetary Accounts Paired:</u>	<u>Budgetary Accounts Paired</u>
a) Cr. 4221 Unfilled Customer Order W/O Advance (for balance of order still outstanding)	f) Dr. 4801 Unexpended Oblig. – Unpaid (for balance of order still outstanding)
b) Cr. 4251 Reimbursements & Other Income –Rec.,	g) Dr. 4901 Expended Authority – Unpaid,
or	or
c) Cr. 4252 Reimbursements & Other Income - Coll.	h) Dr. 4902 Expended Authority – Paid
<u>Proprietary Accounts Paired:</u>	<u>Proprietary Accounts Paired:</u>
d) Cr. 1310G Accounts Receivable	i) Dr. 2110G Accounts Payable
e) Dr. 5100G/5200G Revenue from Goods/Services Sold	j) Cr. 6100G Operating Expenses/Program Costs
or	
5900G Other Revenue	

Revenue-Generation Accounting Transactions – Without Advance

Financial Statement Line Item Eliminations:

Performing Agency			Requesting Agency		
a)/b)/c) BR	Line 1c.	Spending Auth. From Offsetting Collections	f)/g)/h) BR	Line 2a.	Obligations Incurred
a)/b)/c) BR	Line 3b.	Spending Auth. From Offsetting Collections	f)/g)/h) BR	Line 3a.	Obligations Incurred
a)/b) BR	Line 3e.	Obligated Bal., Net-End of Period	f)/g) BR	Line 3e.	Obligated Bal., Net- End of Period
c) BR	Line 3f.	Total Outlays (check)	h) BR	Line 3f.	Total Outlays (check)
a)/b)/c) SOF	Line 1a2	Offsetting collections, recoveries of PY auth., and changes in unfilled customer orders	f)/g)/h) SOF	Line 1a1.	Budgetary resources oblig. For items to be received or provided to other
a) SOF	Line 2c.	Adj. To Budg. Res. Not Affecting Net Cost	f) SOF	Line 2a.	Inc/Dec in Budg. Res. Oblig. for Goods/Svcs Not Yet Received or Provided
d) BS	Line 1a3.	Entity Assets - Federal-Accounts Receivable	i) BS	Line 4a1.	Liabilities Covered by Budgetary Resources- Federal - Accounts Pay
e) BS	Line 8	Cumulative Results of Operations	j) BS	Line 8	Cumulative Results of Operations
e) NC	Line 1d.	Program Costs - Earned Revenues	j) NC	Line 1a.	Program Costs - Federal

Revenue Generation Accounting Transactions – With Advance

Accounting Model:

Performing Agency	Requesting Agency
An order is placed, or some action is requested of the performing agency, with an advance:	
<u>Budgetary:</u>	<u>Budgetary:</u>
Dr. 4222 Unfilled Customer Orders With Advance	Dr. 4610 Allotments
Cr. 4210 Anticip. Reimb & Other Income	Cr. 4802 Unexpended Oblig. - Paid
Dr. 4590 Apportionments Unavail.	
Cr. 4610 Allotments	
<u>Proprietary:</u>	<u>Proprietary:</u>
Dr. 1010 FBWT	Dr. 1410G Advances to Others
Cr. 2310G Advances from Others	Cr. 1010 FBWT
Performance on the agreement and payment to own vendors.	
<u>Budgetary:</u>	No entries.
Dr. 4610 Allotments	
Cr. 4902 Expended Authority – Paid	
<u>Proprietary:</u>	
Dr. 6100 Oper. Exp/Prog. Costs	
Cr. 1010 FBWT	
Accrue revenue and notify requester:	
<u>Budgetary:</u>	<u>Budgetary:</u>
Dr. 4252 Reimbursements & Other Income – Collected	Dr. 4802 Unexpended Oblig. - Paid
Cr. 4222 Unfilled Customer Orders With Advance	Cr. 4902 Expended Auth. - Paid
<u>Proprietary:</u>	<u>Proprietary:</u>
Dr. 2310G Advances from Others	Dr. 6100G Oper. Exp./Prog. Costs
Cr. 5100G/5200G Revenue from Goods/Services Sold	Cr. 1410G Advances to Others
	Dr. 3100 Unexpended Appropriations
	Cr. 5700 Appropriations Used

Revenue Generation Accounting Transactions – With Advance

Elimination Entries (assumes an outstanding advance at year-end):

Performing Agency	Requesting Agency
<u>Budgetary Account Pairings:</u>	<u>Budgetary Account Pairings:</u>
a) Cr. 4222 Unfilled Customer Orders With Advance (balance of order outstanding)	e) Dr. 4802 Unexpended Authority – Paid (balance of order outstanding)
b) Cr. 4252 Reimbursements & Other Income–Collected	f) Dr. 4902 Expended Authority – Paid
<u>Proprietary Account Pairings:</u>	<u>Proprietary Account Pairings:</u>
c) Dr. 2310G Advances from Others	g) Cr. 1410G Advances to Others
d) Dr. 5100G/5200G Revenue from Goods/Services Sold	h) Cr. 6100G Operating Expenses/Program Costs
or	
5900G Other Revenue	

Revenue Generation Accounting Transactions – With Advance

Financial Statement Line Item Eliminations:

Performing Agency			Requesting Agency		
a)/b) BR	Line 1c.	Spending Auth. From Offsetting Collections	e)/f) BR	Line 2a.	Obligations Incurred
a)/b) BR	Line 3b.	Spending Auth. From Offsetting Collections	e)/f) BR	Line 3a.	Obligations Incurred
a)/b)BR	Line 3f.	Total Outlays (check)	e)/f) BR	Line 3f.	Total Outlays (check)
a)/b) SOF	Line 1a2.	Offsetting collections, recoveries of PY auth., and changes in unfilled customer orders	e)/f) SOF	Line 1a1.	Budgetary resources oblig. For items to be received or provided to others
a) SOF	Line 2c.	Adj. To Budg. Res. Not Affecting Net Cost	e) SOF	Line 2a.	Inc/Dec in Budg. Res. Oblig. for Goods/Svcs Not Yet Received or Provided
c) BS	Line 4b(8).	Liabilities Covered by Budgetary Resources- Federal- Other Liab.	g) BS	Line 1a(4).	Entity Assets- Federal- Other Assets
d) BS	Line 8	Cumulative Results of Operations	h) BS	Line 8	Cumulative Results of Operations
d) NC	Line 1d.	Program Costs - Earned Revenues	h) NC	Line 1a.	Program Costs - Federal

Sale of Commodities Inventory

- Refer to SGL guidance at www.fms.treas.gov/ussgl/sgl-impl.html related to inventory held for resale.
- The selling agency (CCC) records revenue and cost of sales for the sale; the buying agency recognizes program costs when it receives the inventory. The consolidated entity has a duplication of costs and internal revenue which must be eliminated.
- The selling agency originally recognized obligations when the inventory was procured, and later recognizes budgetary resources for the collections from the sale. The buying agency recognizes obligations when the inventory is purchased. The budgetary collections on the selling side must be offset against the budgetary obligations on the buying side.

Sale of Commodities Inventory

Accounting Model:

Selling Agency (CCC)	Buying Agency
Inventory is purchased:	
<u>Budgetary:</u>	
Dr. 4610 Allotments, or 4620 Other Funds Avail. For Commitment/Oblig.	No entries.
Cr. 4902 Expended Auth. – Paid	
<u>Proprietary:</u>	
Dr. 1561 Commodities Inventory	
Cr. 1010 FBWT	
The buying agency places an advance with the selling agency:	
<u>Budgetary</u> (Assume no anticipation):	<u>Budgetary:</u>
Dr. 4222 Unfilled Customer Orders with Advance	Dr. 4610 Allotments, or 4620 Other Funds Avail. For Commitment/ Oblig.
Cr. 4610 Allotments, or 4620 Other Funds Avail. For Commitment/Oblig.	Cr. 4802 Undel. Orders – Paid
<u>Proprietary:</u>	<u>Proprietary:</u>
Dr. 1010 FBWT	Dr. 1410G Advances to Others
Cr. 2310G Advances from Other	Cr. 1010 FBWT
Inventory is sold to the buying agency.	
<u>Budgetary (no anticipation):</u>	<u>Budgetary:</u>
Dr. 4252 Reimbursements & Other Income Earned – Collected	Dr. 4802 Undel. Orders – Paid
Cr. 4222 Unfilled Customer Orders with Advance	Cr. 4902 Expended Auth. – Paid
<u>Proprietary:</u>	<u>Proprietary:</u>
Dr. 6500G Cost of Sales	Dr. 6100N Program Costs
Cr. 1561 Commodities Inventory	Cr. 1410G Advances to Others
Dr. 2310G Advances from Others	Dr. 3100 Unexpended Appropriations
Cr. 5100G Revenue from Goods Sold	Cr. 5700 Appropriations Used

Note that the selling agency is booking both its revenue and cost of goods sold as intragovernmental. The buying agency is recording its program costs as nonfederal. This is done to comply with Treasury's instructions.

Sale of Commodities Inventory - Elimination Entries

Sales of commodity inventory are essentially reimbursable agreements, except that the selling agency is recording cost of goods sold rather than program cost when it performs on the agreement because the ultimate cost to the consolidated entity is the program cost of the buying agency, not the cost of sales of the selling agency, the selling agency eliminates both its revenue and its cost of sales (instructions from Treasury). The buying agency has no proprietary elimination entry to submit for costs.

Budgetary elimination entries address the collections earned and the expended authority of the selling agency which correspond to its revenue and cost of goods sold. If there is an advance outstanding at the end of the year, budgetary elimination entries address the unfilled customer order on the selling agency's side and the undelivered order obligations on the buying agency's side.

The buying agency does not eliminate its obligations expended because they are related to the nonfederal program costs booked to 6100N. The buying agency does eliminate its obligations related to the outstanding advance.

Sale of Commodities Inventory - Elimination Entries

Elimination Entries:

Selling Agency (CCC)	Buying Agency
<u>Budgetary:</u>	<u>Budgetary:</u>
Related to commodities sold:	No entry.
a) Dr. 4902 Expended Authority - Paid.	
b) Cr. 4252 Reimbursements and Other Earned Income - Collected	
Related to advance outstanding:	
c) Cr. 4222 Unfilled Customer Orders with Advance	g) Dr. 4802 Undelivered Orders - Paid
<u>Proprietary:</u>	<u>Proprietary:</u>
d) Dr. 5100G Revenue From Goods Sold	
e) Cr. 6500G Cost of Goods Sold	
f) Dr. 2310G Advances from Others	h) Cr. 1410G Advances to Others

Financial Statement Line Item Eliminations:

a) BR	Line 2a.	Obligations Incurred.			
a) BR	Line 3a.	Obligations Incurred.			
b, c) BR	Line 1c.	Offsetting Collections - Earned- Collected	g) BR	Line 2a.	Obligations Incurred
b, c) BR	Line 3b.	Offsetting Collections			
b) BR	Line 3f.	Total Outlays (check)	g) BR	Line 3f.	Total Outlays (check)
a) SOF	Line 1a1.	Budgetary Resources Obligated for Items to be Received or Provided to Others	g) SOF	Line 1a1.	Budgetary Resources Obligated for Items to be Received or Provided to Others
b) SOF	Line 1a2.	Offsetting Collections			
c) NC	Line 1a.	Program Costs- Federal			
d) NC	Line 1d.	Earned Revenue			
f) BS	Line 4a(7).	Liab. Covered by Bud. Res.- Fed - Other Liab.	h) BS	Line 1a(4)	Entity Assets - Fed. - Advance & Prepayment

EXHIBITE: THE INTRAGOVERNMENTAL ELIMINATIONS TASK FORCE

Intragovernmental Fiduciary Transactions Accounting Guide

September 9, 1999

**Prepared By
The Intragovernmental Eliminations Task Force**

Available on the internet at
www.fms.treas.gov/cfs/dev

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EXHIBIT F: CONTACT LIST FOR FINANCIAL STATEMENTS

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